

Report on Missouri Tax Credits
Administered by the Department of
Economic Development

January 2008

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MERIC Economic Impact Analysis Overview

REMI Missouri Economic Regional Model

REMI Missouri Economic Model

The REMI Missouri Regional Economic Model is used by the Missouri Department of Economic Development (DED) to forecast economic and policy impacts statewide and across 17 economic regions. DED uses the REMI model to assess the economic and fiscal impacts of new firms, layoffs, industrial restructuring, and tax credits.

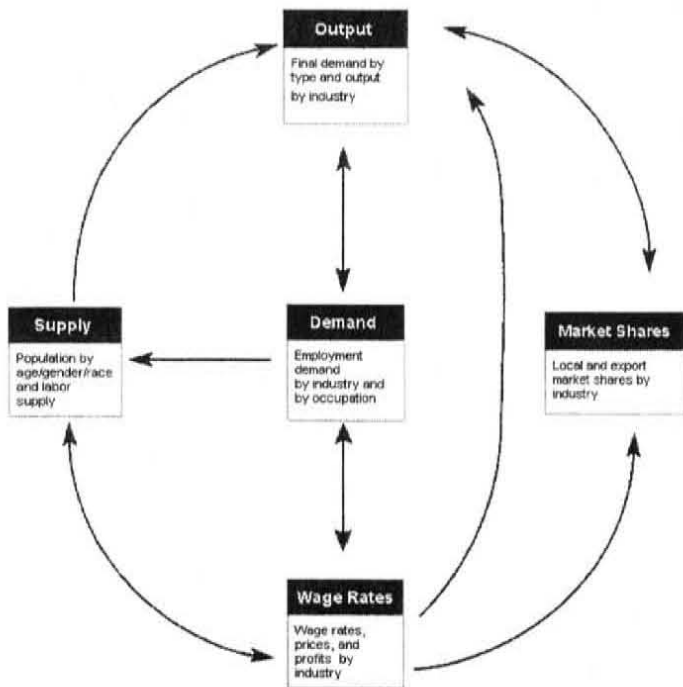
REMI Features:

- It is calibrated to local conditions using a relatively large amount of local data, which improves performance, especially under conditions of structural economic change.
- It combines several analytical models (including input-output, general equilibrium, economic geography and econometric models), allowing it to take advantage of each specific method's strengths and compensate for its weaknesses.
- It allows the user to generate forecasts for any combination of future years, allowing the user special flexibility in analyzing the timing of economic impacts.
- It accounts for changes in prices, wage rates, migration patterns, labor participation, etc. that are generated from supply and demand movements.
- It is used by a large number of researchers under diverse conditions and has proven to perform acceptably.

The REMI Missouri Economic Model is utilized to forecast economic impacts at the regional and state level. REMI includes a model that has been built for Missouri's 17 economic regions, which are based on commuting and trade flows between counties. The model-building system uses hundreds of programs developed over the last two decades to build customized models for each area using data from the Bureau of Economic Analysis, the Bureau of Labor Statistics, the Department of Energy, the Census Bureau and other public sources. The model is based on past and current research and development, which is subject to peer review and published in academic journals. REMI is currently used by hundreds of governmental agencies, universities, and others. Articles about the model equations and research findings have been published in professional journals such as the *American Economic Review*, *The Review of Economic Statistics*, *the Journal of Regional Science*, and the *International Regional Science Review*.

17 Region REMI Model

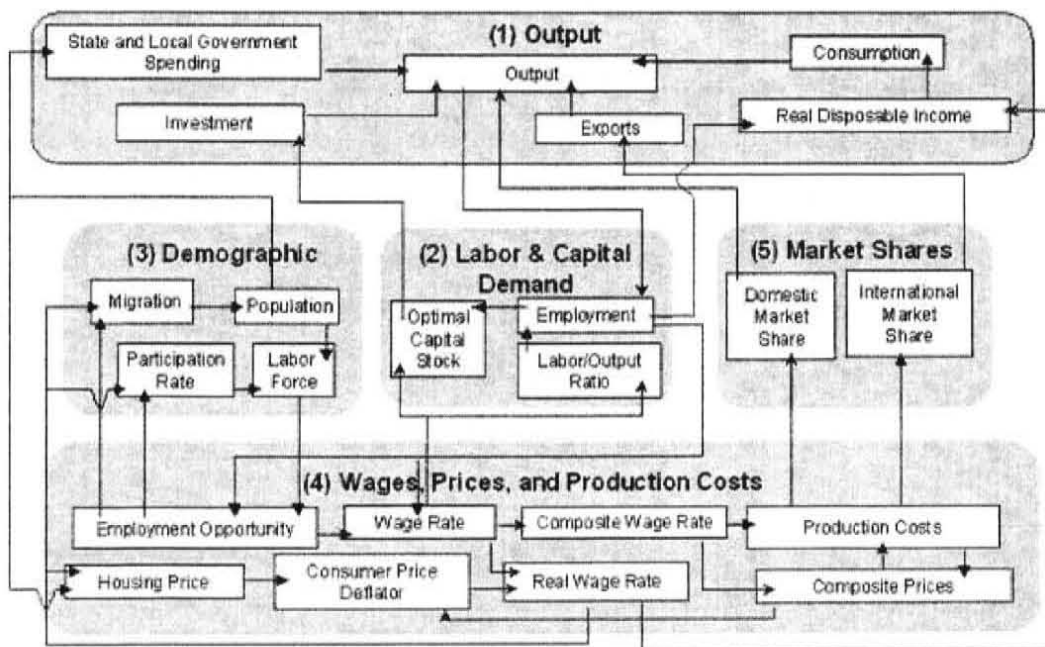




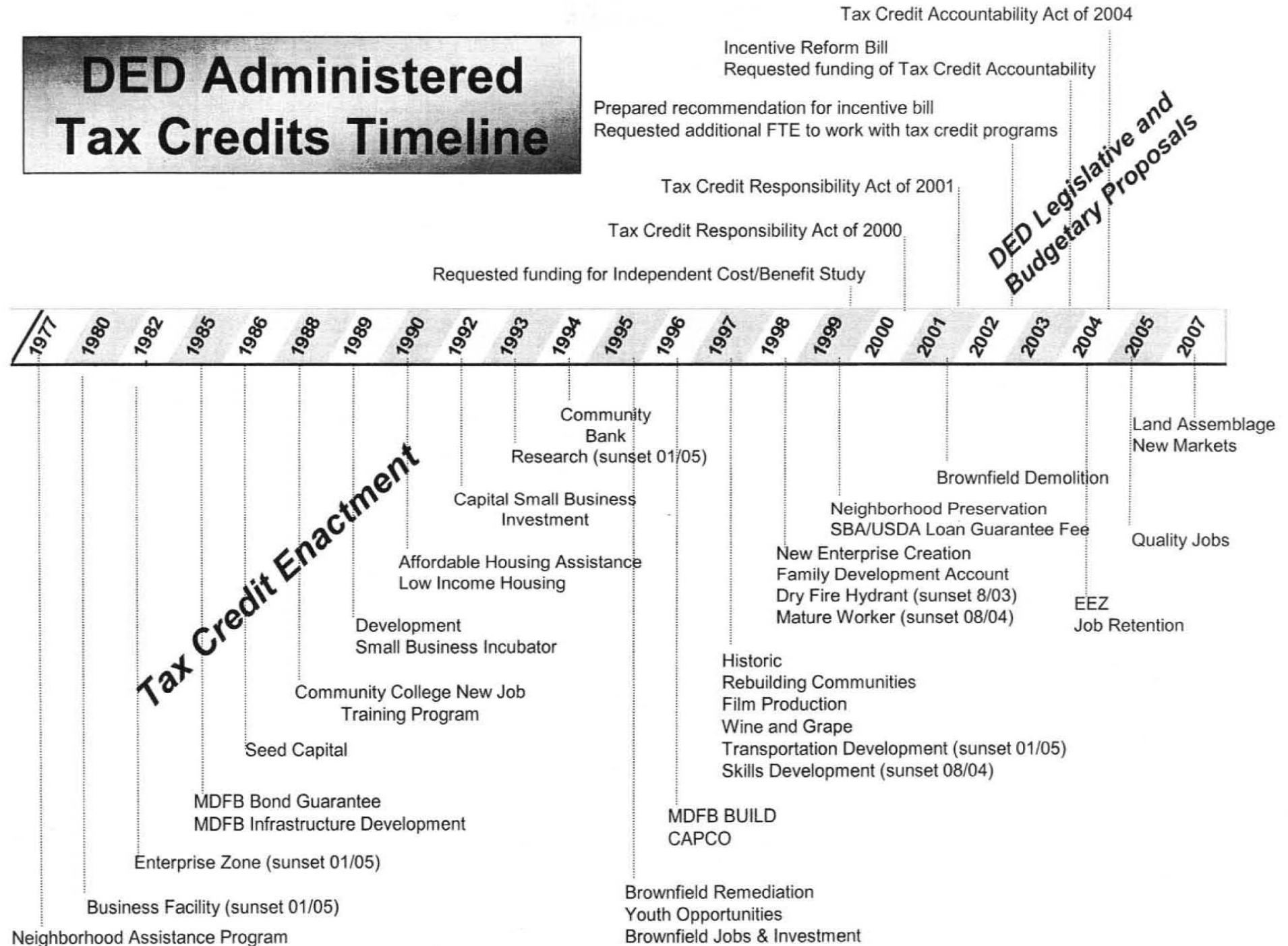
Although the model contains a large number of equations, the five block illustrations on this page describe the underlying structure of the REMI model. Each block contains several components that are shown in rectangular boxes. The lines and arrows represent the interaction of key components both within and between blocks. Most interactions flow both ways indicating a highly simultaneous structure. The *Output Block* linkages form the core of the model. An input-output structure represents the inter-industry and final demand linkages by industry. The interaction between the *Output Block* and the rest of the model is extensive.

Predicted outputs from the *Output Block* drive labor demand in the *Demand Block*. Labor demand interacts with labor supply in the *Supply Block* to determine wages in the *Wage Rates Block*.

Combined with other factor costs, wages determine relative production costs and relative profitability in the *Wage Rates Block* affecting the market shares and exports in the *Market Shares Block*. Market shares determine the amount of demand supplied locally, which feeds into the *Output Block* and again runs through the above process. Concurrently, the *Supply Block* determines population changes based on employment opportunity, which feeds back into output, wages and government spending.



DED Administered Tax Credits Timeline



AFFORDABLE HOUSING ASSISTANCE PROGRAM

MISSOURI HOUSING DEVELOPMENT COMMISSION

PURPOSE

An incentive for businesses and individuals to make donations to non-profit organizations that assist in the production of affordable rental housing or homeownership for low-income families in Missouri.

AUTHORIZATION

Sections 32.105 to 32.125, RSMo

HOW THE PROGRAM WORKS

To receive a tax credit a business firm or eligible individual must donate cash, professional services, real or personal property to a non-profit housing organization to assist with the acquisition, rehabilitation and/or new construction of affordable housing. There is also a set-aside for donations that assist non-profit housing organizations with their basic operating expenses. The amount of tax credit allocated is equal to 55% of the value of the contribution.

ELIGIBLE AREAS

Statewide.

ELIGIBLE APPLICANTS

Non-profit housing organizations are eligible to apply for tax credit.

ELIGIBLE USE OF TAX CREDITS

This tax credit can be applied to:

- ✓ Ch. 143 – Income tax
- ✓ Ch. 147-Corporation Franchise Tax
- ✓ Ch. 148 –
 - ✓ Bank Tax
 - ✓ Insurance Premium Tax
 - ✓ Other Financial Institutions Tax
- ✓ Ch. 153-Express Company Tax

This credit's special attributes:

- ✓ Carryforward 10 years
- ✓ Sellable or transferable

APPLICATION PROCEDURE

Refer to the MHDC website for application deadlines and forms.

SPECIAL PROGRAM REQUIREMENTS

Proposals must:

- ✓ Meet a demonstrated housing need;
- ✓ Provide affordable housing for low-income families by restricting rents and purchase prices;
- ✓ Target housing for persons below 50% of area median income or provide market rate housing in "rebuilding communities" as defined by state statute;
- ✓ Provide assistance for the administrative costs of a non-profit housing organization.

Approved proposals for rental or for-sale housing must follow income and rent/resale restrictions for a period of ten years.

CONTACT

MISSOURI

DEPARTMENT OF ECONOMIC DEVELOPMENT
Missouri Housing Development Commission
3435 Broadway
Kansas City, MO 64111-2403
Phone: 816-759-6824 Fax: 816-759-6828
E-mail: kwatts@mhdc.com

ADDITIONAL RESOURCES

Go to the MHDC home page at www.mhdc.com and choose the Rental Production link to obtain guidelines and forms for the Affordable Housing Assistance Tax Credit Program as well as information regarding other MHDC housing programs.

TAX CREDIT ANALYSIS

Program Name: Affordable Housing Assistance Tax Credit Program	Department: Economic Development	Date: November 2007			
Program Category: Housing	Type: Tax Credit <input checked="" type="checkbox"/> Other (specify) _____				
Statutory Authority: Sections 32.105 - 32.125, RSMo	Applicable Taxes: Income Tax; Bank Tax; Financial Institutions Tax; Corporate Franchise Tax; Tax on Gross Receipts of Express Companies; Insurance Premium Tax				
Program Description and Eligibility Requirements: The Affordable Housing Assistance Tax Credit Program (AHAP) is an incentive for businesses and qualified individuals in Missouri to participate in the production of affordable housing for low-income families. The credit can be used by a business firm or qualified individual as a reduction in their state tax obligation. To receive the AHAP credit a business firm or qualified individual must donate cash, professional services or real or personal property to a non-profit housing organization to assist with the acquisition, rehabilitation and/or new construction of a specific affordable housing development. There is also a set-aside of AHAP credit for the basic operating expenses of non-profit organizations whose primary purpose is to provide affordable housing for low-income families.					
Explanation of How Award is Computed: Entitlement _____ Discretionary <input checked="" type="checkbox"/> The amount of Affordable Housing Assistance Tax Credit allocated is equal to 55% of the amount of the contribution. Non-profit organizations make application to the Missouri Housing Development Commission (MHDC) for a reservation of AHAP credit. The non-profit organization then solicits contributions from businesses or qualified individuals to assist in the production of a specific affordable housing development. After MHDC receives the necessary documentation of a qualified contribution to the non-profit organization that meets all of the criteria set out in the statute and program regulations, a tax credit is granted to the donor in the amount of 55% of the value of the contribution. There are two application cycles during the fiscal year.					
Program Cap: Cumulative \$ _____ (remainder of cumulative cap) \$ _____ Annual \$11,000,000 None _____ Explanation of cap: The cap on the Affordable Housing Assistance Credit is set by statute at \$11 million annually. Once MHDC has made reservations totaling \$11 million in AHAP credit in a fiscal year, the application cycle is closed.					
Explanation of Expiration of Authority: N/A					
Specific Provisions: (if applicable) Carry forward <u>10</u> years Carry Back <u>0</u> years Refundable <u>No</u> Sellable/Assignable <u>Yes</u> Additional Federal Deductions Available <u>Yes</u> Comments on Specific Provisions:					
	FY 2005 ACTUAL	FY 2006 ACTUAL	FY 2007 ACTUAL	FY 2008 (current year)	FY 2009 (budget year)
Certificates Issued (#)	245	221	269	225	225
Projects (#)	50	50	59	50	50
Amount Authorized	\$11,000,000	\$11,000,000	\$11,000,000	\$11,000,000	\$11,000,000
Amount Issued	\$10,468,941	\$8,131,705	\$7,985,100	\$11,000,000	\$11,000,000
Amount Redeemed	\$7,702,860	\$4,080,564	\$10,497,793	\$11,000,000	\$11,000,000
EST. Amount Outstanding	N/A	N/A	\$15,000,000	N/A	N/A

TAX CREDIT ANALYSIS

Program Name: Affordable Housing Assistance Tax Credit Program		Department: Economic Development		Date: November 2007																																				
HISTORICAL AND PROJECTED INFORMATION																																								
<table border="1"><caption>Amount Authorized</caption><thead><tr><th>Fiscal Year</th><th>Amount</th></tr></thead><tbody><tr><td>FY 2005</td><td>\$11,000,000</td></tr><tr><td>FY 2006</td><td>\$11,000,000</td></tr><tr><td>FY 2007</td><td>\$11,000,000</td></tr><tr><td>FY 2008</td><td>\$11,000,000</td></tr><tr><td>FY 2009</td><td>\$11,000,000</td></tr></tbody></table> <table border="1"><caption>Amount Issued</caption><thead><tr><th>Fiscal Year</th><th>Amount</th></tr></thead><tbody><tr><td>FY 2005</td><td>\$10,466,941</td></tr><tr><td>FY 2006</td><td>\$8,131,705</td></tr><tr><td>FY 2007</td><td>\$7,985,100</td></tr><tr><td>FY 2008</td><td>\$11,000,000</td></tr><tr><td>FY 2009</td><td>\$11,000,000</td></tr></tbody></table> <table border="1"><caption>Amount Redeemed</caption><thead><tr><th>Fiscal Year</th><th>Amount</th></tr></thead><tbody><tr><td>FY 2005</td><td>\$7,702,860</td></tr><tr><td>FY 2006</td><td>\$4,080,564</td></tr><tr><td>FY 2007</td><td>\$10,497,793</td></tr><tr><td>FY 2008</td><td>\$11,000,000</td></tr><tr><td>FY 2009</td><td>\$11,000,000</td></tr></tbody></table>					Fiscal Year	Amount	FY 2005	\$11,000,000	FY 2006	\$11,000,000	FY 2007	\$11,000,000	FY 2008	\$11,000,000	FY 2009	\$11,000,000	Fiscal Year	Amount	FY 2005	\$10,466,941	FY 2006	\$8,131,705	FY 2007	\$7,985,100	FY 2008	\$11,000,000	FY 2009	\$11,000,000	Fiscal Year	Amount	FY 2005	\$7,702,860	FY 2006	\$4,080,564	FY 2007	\$10,497,793	FY 2008	\$11,000,000	FY 2009	\$11,000,000
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Comments on Historical and Projected Information:																																								
BENEFIT: COST ANALYSIS (includes only state revenue impacts)																																								
	FY 2007 ACTUAL	Other Fiscal Period (15 years)	Derivation of Benefits: Investment: \$145,276,062 in construction demand between 2007-2008. Employment: n/a. Other Assumptions: n/a. Incentives/Credits: \$11,000,000 in authorized AHAP tax credits between 2008-2016 (80% between 208-2011, 20% between 2012-2016). Impacts occur in the Statewide Region. Assumptions provided by DED. Estimated using REMI-9-Regional Model (remi-fiscal-9-jul07).																																					
BENEFITS																																								
Direct Fiscal Benefits	\$1,308,526	\$799,111																																						
Indirect Fiscal Benefits	\$603,869	\$368,780																																						
Total	\$1,912,395	\$1,167,891																																						
COSTS																																								
Direct Fiscal Costs	\$0	\$10,046,799																																						
Indirect Fiscal Costs	\$0	\$0																																						
Total	\$0	\$10,046,799																																						
BENEFIT: COST	#DIV/0!	0.12																																						
Other Benefits: The Affordable Housing Assistance Tax Credit Program (AHAP) increases the availability of rental housing and for-sale housing that is affordable to low-income families. Other benefits include the removal of blight in communities and increased local tax revenues such as property taxes. The AHAP credit also increases the capacity of non-profit housing organizations to build or renovate affordable housing for low-income families. Lastly, the AHAP credit increases the amount of disposable income for low-income families by providing housing that is affordable to them. This improves the overall quality of their lives by providing additional income for other basic necessities such as food, clothing, healthcare and education. In FY-2007, every dollar of authorized program tax credits returns: N/A in new personal income totaling \$ 31.8 million N/A in new value-added/GSP totaling \$ 46.06 million N/A in new economic output totaling \$82.40 million Over 15 years, every dollar of authorized program tax credits returns: \$5.41 in new personal income totaling \$81.20 million \$6.49 in new value-added/GSP totaling \$97.36 million \$10.83 in new economic output totaling \$162.39 million																																								

TAX CREDIT ANALYSIS

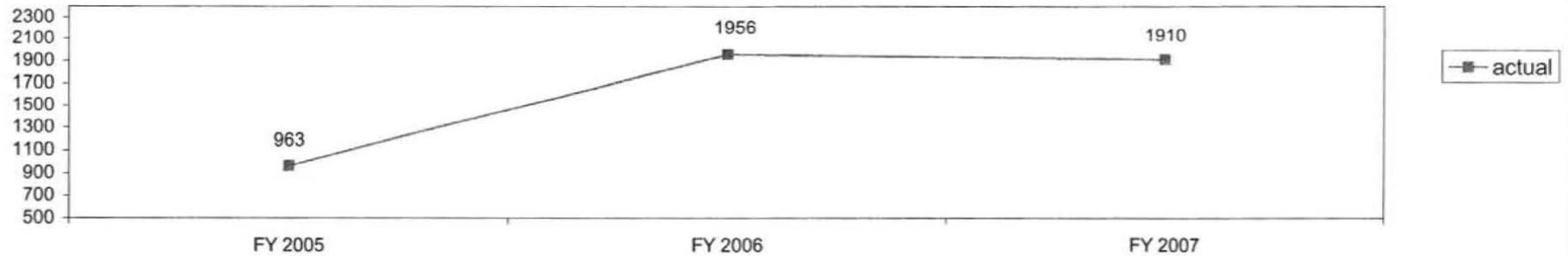
Program Name: Affordable Housing Assistance Tax Credit Program

Department: Economic Development

Date: November 2007

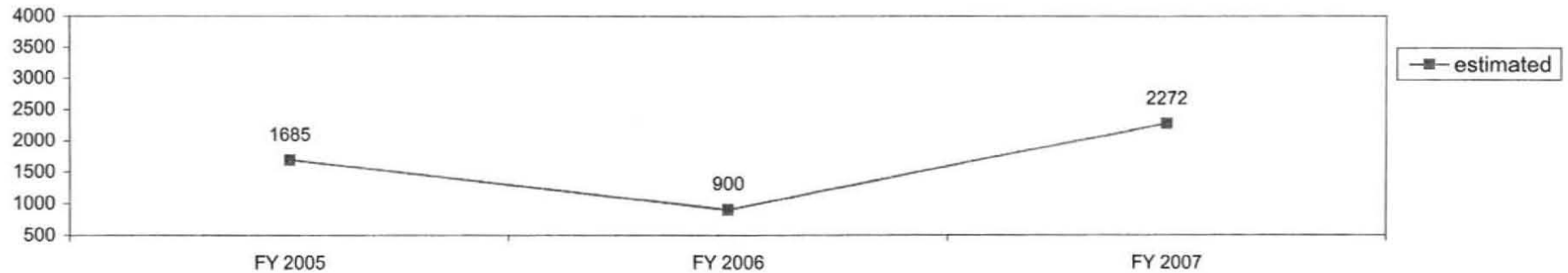
PERFORMANCE MEASURE(S)

Number of Housing Units



Comments on Performance Measure: The number of housing units produced is based on what is reported to MHDC by the non-profit sponsor of the development.

Number of Jobs Produced (est.)



Comments on Performance Measure: The estimate of the number of jobs produced in FY 06 & FY 07 was provided by the Department of Economic Development and is based on 17 jobs produced per \$1 million in investment. *This method of estimating the number of jobs produced is substantially different from the method used in FY 05 which was based on 25 jobs produced per \$1 million in investment.* The total amount of investment is based on an estimate of \$70,000 per housing unit produced.

LOW INCOME HOUSING TAX CREDIT PROGRAM

MISSOURI HOUSING DEVELOPMENT COMMISSION

PURPOSE

An incentive for the new construction or rehabilitation of rental housing affordable to low and moderate income families in Missouri.

AUTHORIZATION

Sections 135.350 to 135.363, RSMo

HOW THE PROGRAM WORKS

This program leverages equity investments from the private sector for the development of rental housing, thereby reducing rents to affordable levels for low and moderate income families. It is based upon the federal low-income housing tax credit program and provides a state tax credit for ten years to qualified owners and investors in affordable rental housing developments equal to approximately 9% of the eligible development costs. Developments financed with tax-exempt bonds are eligible to receive a non-competitive state tax credit for approximately 4% of the eligible development costs. The state low-income housing tax credit may be allocated in an amount up to 100% of the federal tax credit.

ELIGIBLE AREAS

Statewide.

ELIGIBLE APPLICANTS

Developers (private and not-for-profit) are eligible to apply for tax credit.

ELIGIBLE USE OF TAX CREDITS

This tax credit can be applied to:

- ✓ Ch. 143 – Income tax
- ✓ Ch. 147-Corporation Franchise tax
- ✓ Ch. 148 –
 - ✓ Bank Tax
 - ✓ Insurance Premium Tax
 - ✓ Other Financial Institutions Tax
- ✓ Ch. 153-Express Company Tax

This credit's special attributes:

- ✓ 10-year credit
- ✓ Carryback 3 years
- ✓ Carryforward 5 years
- ✓ Sellable or transferable within an ownership structure

APPLICATION PROCEDURE

Each summer a notice of funding availability is issued announcing an application deadline scheduled in the fall. The process to determine the allocation of tax credits is competitive. MHDC staff reviews all proposals to determine the financial feasibility and the demand for affordable rental housing in the community. Staff makes its recommendations to the Commission in December of each year.

SPECIAL PROGRAM REQUIREMENTS

An eligible proposal must:

- ✓ Create rental units for households having incomes below 60% of the area median family income;
- ✓ Maintain the affordability of the rental units by restricting rents for up to 30 years;
- ✓ Assist in the production of financially viable, market appropriate housing in areas of greatest housing need in the State;
- ✓ Be sponsored by an entity with prior successful housing experience and the ability to proceed in an expeditious manner.

An approved proposal must meet program standards including on-going compliance reviews concerning:

- ✓ Resident household eligibility;
- ✓ Rent restrictions;
- ✓ Occupancy standards;
- ✓ Physical property condition.

CONTACT

MISSOURI

DEPARTMENT OF ECONOMIC DEVELOPMENT

Missouri Housing Development Commission

3435 Broadway

Kansas City, MO 64111-2403

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E-mail: kwatts@mhdc.com

ADDITIONAL RESOURCES

Go to the MHDC home page at www.mhdc.com
and choose the Rental Production link to obtain
guidelines and forms for the Low Income
Housing Tax Credit Program.

TAX CREDIT ANALYSIS

Program Name: Missouri Low Income Housing Tax Credit Program	Department: Economic Development	Date: November 2007
Program Category: Housing	Type: Tax Credit <u>X</u> Other (specify) _____	
Statutory Authority: Sections 135.350 - 135.363, RSMo	Applicable Taxes: Income Tax; Corporate Franchise Tax; Insurance Company Annual Tax on Gross Premium Receipts; Other Financial Institutions Tax; Express Company Annual Tax on Gross Premium Receipts	

Program Description and Eligibility Requirements:
 The Missouri Low Income Housing Tax Credit Program (LIHTC) is a ten-year state tax credit to qualified owners and investors in affordable rental housing. The LIHTC generates equity investments from the private sector for the development of new or rehabilitated rental housing in order to lower rents to affordable levels for qualified low-income families. A qualified development is one that rents at least 20% of its units to families earning 50% of the median family income or 40% of its units to families earning 60% of median family income, adjusted for family size. The development must: meet a demonstrated need for affordable rental housing in the community; must be economically feasible; leverage tax credits with other financing; demonstrate local support; and it must provide affordable rental housing for qualified low-income Missourians for an extended period of time, typically 30 years.

Explanation of How Award is Computed: Entitlement _____ Discretionary X
 The amount of the Missouri LIHTC allocated to a given housing development is directly related to the percentage of low-income housing units made available to qualified low-income families and the acquisition, construction or rehabilitation expenditures, less land costs, to create the development. There are two types of Missouri LIHTC. Developments issued 9% Missouri LIHTC through MHDC's annual competitive allocation process receive tax credit equal to 9% of the total eligible development costs. Developments issued 4% Missouri LIHTC in conjunction with tax-exempt bond financing awarded by the Department of Economic Development receive tax credit equal to 4% of the total eligible development costs. The amount of Missouri LIHTC that may be issued for any development is up to 100% of the federal LIHTC.

Program Cap: Cumulative \$ _____ (remainder of cumulative cap) \$ _____ Annual \$ 100% of federal LIHTC None _____
Explanation of cap: The 9% Missouri LIHTC issued through the annual competitive application cycle is capped at up to 100% of the federal LIHTC or approx. \$1.95 per capita for 2007. The amount of 4% Missouri LIHTC issued is limited by the bond allocation cap of the state and the number of developments receiving an annual allocation of tax-exempt bond financing for rental housing. Tax-exempt bond financing is awarded competitively by the Department of Economic Development.

Explanation of Expiration of Authority: N/A

Specific Provisions: (if applicable)

Carry forward 5 years Carry Back 3 years Refundable No Sellable/Assignable Yes Additional Federal Deductions Available Yes

Comments on Specific Provisions:

	FY 2005 ACTUAL	FY 2006 ACTUAL	FY 2007 ACTUAL	FY 2008 (current year)	FY 2009 (budget year)
Certificates Issued (#)	548	448	542		
Projects (#)	56	48	54	52	50
Amount Authorized	\$183,106,160	\$273,640,430	\$169,445,790	\$153,609,923	\$160,373,157
Amount Issued	\$83,477,412	\$97,151,549	\$114,584,066	\$130,486,452	\$127,510,454
Amount Redeemed	\$65,392,601	\$61,963,798	\$81,646,784	\$114,584,066	\$130,486,452
EST. Amount Outstanding	N/A	N/A	\$224,220,438	N/A	N/A

NOTE: Figures for 4% tax credit authorizations are based upon the total amount approved by the Commission. Previously all 4% approvals have been included in the total authorizations reported, but 11 of 23 proposals approved in FY 2007 for 4% low-income housing tax credits were unable to proceed due to the heightened competition for private activity bond allocation. The total amount of potential credits for these 11 proposals was \$43,786,940 and is not included in the FY 2007 Actuals shown above. For FY 2007 and beyond, MHDC is changing its methodology to report as authorized only those approved 4% projects that have received an allocation of bonds.

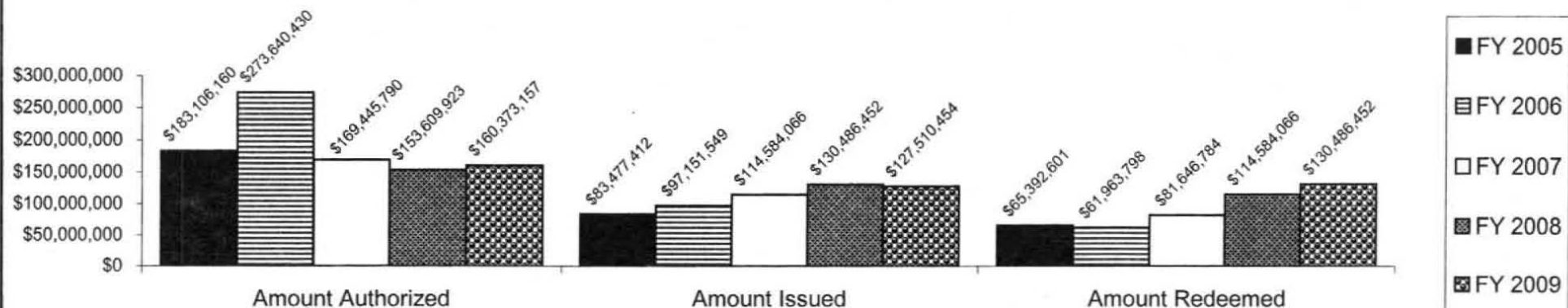
TAX CREDIT ANALYSIS

Program Name: Missouri Low Income Housing Tax Credit Program

Department: Economic Development

Date: November 2007

HISTORICAL AND PROJECTED INFORMATION



Comments on Historical and Projected Information: The amount of authorized LIHTC will fluctuate based upon the number of developments receiving an allocation of tax-exempt bond financing from the Department of Economic Development and 4% LIHTC. It is important to note that not all of the 4% LIHTC authorized by MHDC in prior years have received an allocation of tax-exempt bonds from DED or will therefore be issued. As interest rates continue to rise, the number of developments receiving an allocation of 4% LIHTC may decrease. The estimate of the amount of outstanding credits is based on the amount of issued LIHTC from FY 99-FY07 less the amount of redeemed credit from FY 99-FY-07 as reported by the Department of Revenue (DOR). The projections of redeemed credits for FY 08 and FY 09 are an estimate based on the amount of issued credits for FY 08 and FY 09 and take into account the historical data of credits redeemed as provided by DOR. This projection cannot precisely account for carry-forward and carry-back provisions in this program nor the individual credit holder's decision on when to claim a particular credit.

BENEFIT: COST ANALYSIS (includes only state revenue impacts)

	FY 2007 ACTUAL	Other Fiscal Period (15 years)	Derivation of Benefits:
BENEFITS			Investment: \$361,070,160 in residential construction between 2007-2008. Employment: 85 employees (0 displaced) in Rental/Leasing and Repair/Maintenance industries in 2008-2021; \$358,998 in annual maintenance contracting between 2009-2021. Other Assumptions: 2,752 low income households with reductions of household expenditures by \$5,118,720 per annum (\$155 monthly per unit) between 2007-2016. Incentives/Credits: \$169,445,790 in Authorized LIH tax credits between 2007-2017. Impacts occur in the Statewide Region. Assumptions provided by DED. Estimated using REMI-9-Regional Model (remi-fiscal-9-jul07).
Direct Fiscal Benefits	\$2,904,339	\$15,331,334	
Indirect Fiscal Benefits	\$1,824,462	\$9,630,912	
Total	\$4,728,801	\$24,962,246	
COSTS			
Direct Fiscal Costs	\$8,472,290	\$148,475,179	
Indirect Fiscal Costs	\$0	\$0	
Total	\$8,472,290	\$148,475,179	
BENEFIT: COST	0.56	0.17	

Other Benefits: The Missouri LIHTC increases the availability of rental housing that is affordable to low-income families and seniors. It also reduces blight and improves communities through the new construction and rehabilitation of affordable rental housing in Missouri. The Missouri LIHTC dramatically improves the overall quality of life of low-income families and seniors living in an assisted apartment or single-family home **by reducing the rent a low-income family must pay by an average of \$155 per month per unit in 2006**. This additional disposable income allows low-income families and seniors to meet more of their other basic necessities such as food, clothing, education and health care. The Missouri LIHTC increases the quality of construction and provides additional amenities in developments such as community rooms for seniors and learning centers for children living in affordable multi-family housing developments in Missouri. The subsidy provided by the Missouri LIHTC also makes it economically feasible to develop new or rehabilitated affordable rental housing in many very low-income rural communities in Missouri. Lastly, the Missouri LIHTC helps preserve affordable rental housing that is in danger of being lost from the affordable housing stock and it leverages millions of dollars of federal rental assistance for many low-income families and seniors in Missouri.

TAX CREDIT ANALYSIS

Program Name: Missouri Low Income Housing Tax Credit Program

Department: Economic Development

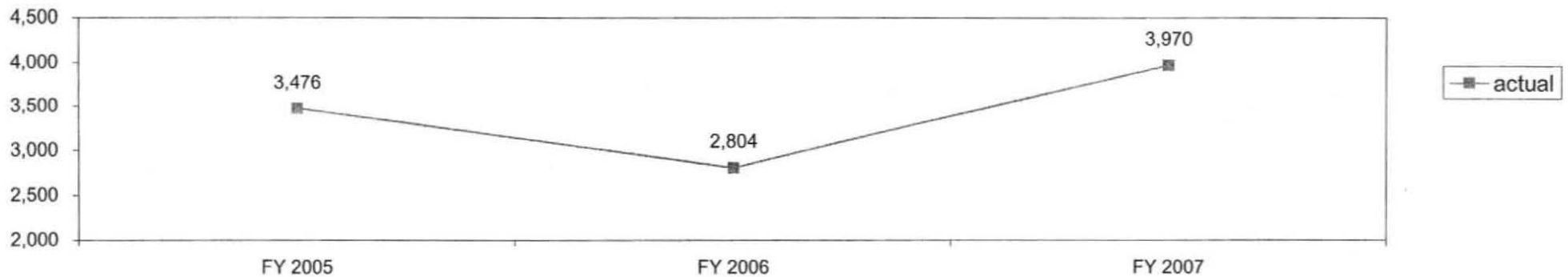
Date: November 2007

Other Benefits (cont'd):

In FY-2007, every dollar of authorized program tax credits returns
 \$8.85 in new personal income totaling \$75.00 million
 \$14.09 in new value-added/GSP totaling \$119.40 million
 \$25.17 in new economic output totaling \$213.22 million

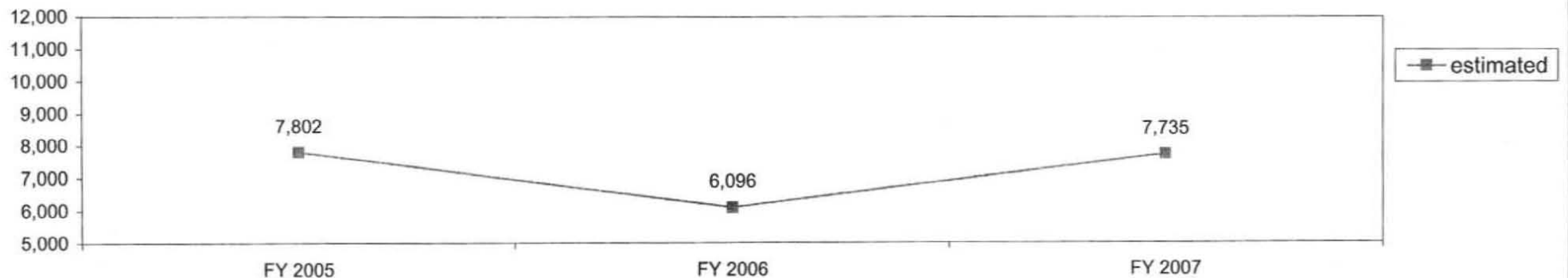
Over 15 YEARS, every dollar of authorized program tax credits returns
 \$26.34 in new personal income totaling \$395.13 million
 \$50.77 in new value-added/GSP totaling \$761.50 million
 \$76.97 in new economic output totaling \$1,154.60 million

Number of Housing Units Produced



Comments on Performance Measure: This performance measure is the total number of LIHTC housing units placed into service each year from FY 2005-FY2007.

Number of Jobs Produced (est.)



Comments on Performance Measure: This performance measure is an estimate of the number of jobs produced as a result of the construction activity generated by the Missouri Low Income Housing Tax Credit from FY 2005-FY 2007. The estimate of the number of jobs produced in FY 06 and FY 07 was provided by the Department of Economic Development and is based on 17 jobs produced per \$1 million in investment.

BUSINESS USE INCENTIVES FOR LARGE SCALE DEVELOPMENT (BUILD)

[§§ 100.700-100.850 RSMo]

What is the purpose of the Business Use Incentives for Large-Scale Development ("BUILD") Act?

The BUILD Act provides State income tax credits to companies that finance economic development projects involving the expansion of existing businesses or establishment of new businesses in Missouri if a substantial number of new jobs are created.

What companies are eligible to apply for BUILD Tax Credits?

An applicant must qualify as an "eligible industry," which is a Missouri business engaged in interstate or intrastate commerce for the purpose of manufacturing, processing or assembling products, conducting research and development, or providing services in interstate commerce, office industries, or agricultural processing. Eligible industries exclude those providing retail, health or professional services, or which close or substantially reduce their operation at one location in the State and relocate substantially the same operation to another location in the State.

What are the minimum investment and job-creation requirements?

An eligible industry must (1) invest a minimum of \$15,000,000 in an economic development project (only \$10,000,000 if the eligible industry is an office industry defined as a regional, national or international headquarters, a telecommunications operation, a computer operation, an insurance company, or a credit card billing and processing center); and (2) create a minimum of 100 new jobs (500 new jobs if the project is an office industry or 200 new jobs if the project is an office industry located within a distressed community). A "distressed community" is defined by statute but generally is an area with a median household income of under 70% of the median household income for similar areas, according to the last decennial census. Approximately 180 communities and a number of census block groups in larger cities qualify as distressed communities. The Department of Economic Development keeps a list of distressed communities.

What economic development projects may be financed?

Economic development projects include the acquisition and the development of real property, including construction, installation, or equipping of a project, including surveys; site tests and inspections; subsurface site work; excavation; removal of structures, roadways, cemeteries and other surface obstructions; filling, grading and provision of drainage, storm water retention, installation of utilities such as water, sewer, sewage treatment, gas, electricity, communications and similar facilities; off-site construction of utility extensions to the boundaries of the real property, for use and occupancy by an eligible industry or its affiliates.

How are projects selected?

Companies submit applications to the Department of Economic Development, which makes recommendations to the Missouri Development Finance Board for project approval. An applicant must show significant local incentives committed to the project, must certify that at least one other state was considered for the project, and must certify that no new jobs would be created without the BUILD tax credits.

How are BUILD Tax Credits generated?

The Missouri Development Finance Board issues bonds and lends the proceeds to applicants. Borrowers are required to pay "assessments" to the Board that are defined to equal debt service on the bonds plus certain other fees paid. The total of such payments is referred to as an "assessment." The assessments paid may not exceed 5% of the total gross wages in each year of all employees whose jobs were created as a result of the project (10% if the project is located within a distressed community). Borrowers are entitled to a tax credit equal to the total assessments paid in each year. Tax credits will be proportionately reduced to the extent borrowers fail to create the number of new jobs projected in the application for the project.

What are the limits on BUILD tax credits?

Tax credits available under the program may not exceed a period of 15 years. The maximum amount of tax credits available in any year for all participants under the BUILD program may not exceed \$15,000,000.

Who can I contact for additional information?

Missouri Department of Economic
Development
Business and Community Services Finance
301 West High Street, Room 770
P.O. Box 118
Jefferson City, Missouri 65102
Phone: 573-751-4539
Fax: 573-522-4322
E-mail: dedfin@ded.mo.gov

Missouri Development Finance Board
Governor's Office Building
200 Madison Street, Suite 1000
P.O. Box 567
Jefferson City, Missouri 65102
Phone: 573-751-8479
Fax: 573-526-4418
E-mail: mdfb@ded.mo.gov

TAX CREDIT ANALYSIS

Program Name: Business Use Incentives for Large-scale Development (BUILD)	Department: Economic Development	Date: November 2007
Program Category: Business Recruitment	Type: Tax Credit <input checked="" type="checkbox"/> Other (specify) _____	
Statutory Authority: 100.700 - 100.850, RSMo	Applicable Taxes: Income Tax; Bank Tax; Insurance Premium Tax; Other Financial Institution Tax	

Program Description and Eligibility Requirements:

The incentives offered by the BUILD Missouri Program are designed to offset infrastructure and other capital costs of certain large projects by making the cost of investing in Missouri more competitive. The costs are financed through the issuance by the Board of certificates (bonds or notes) the principal and interest on which will be repaid by the business. Businesses are then reimbursed for these repayments through the issuance by the Board of Missouri State income tax credits. The businesses may use these credits against taxes, which would otherwise be due, or to obtain a refund if the business has no Missouri income tax liability. All businesses that manufacture, process (including agricultural processing) or assemble products are eligible. Businesses that conduct research and development or provide services in interstate commerce are also eligible. Certain office industries are also eligible. A manufacturing business must invest a minimum of \$15 million and 100 new jobs. An office business must invest a minimum of \$10 million and 500 new jobs. There are other factors.

Explanation of How Award is Computed:

Entitlement _____ Discretionary ☒

The award is computed based on principal, interest and board fees annually and limited to be no more than 5% of gross wages of each eligible employee whose job was created as a result of the project.

Program Cap: Cumulative \$ _____ (remainder of cumulative cap) \$ _____ Annual \$ 15 million None _____

Explanation of cap:

Aggregate amount of tax credits authorized shall not exceed \$15 million annually

Explanation of Expiration of Authority:

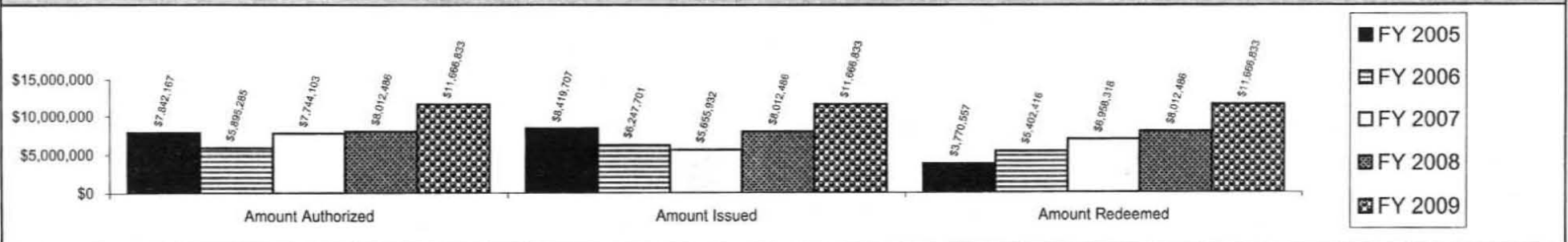
Specific Provisions: (if applicable)

Carry forward _____ years Carry Back _____ years Refundable ☒ Sellable/Assignable _____ Additional Federal Deductions Available _____

Comments on Specific Provisions:

	FY 2005 ACTUAL	FY 2006 ACTUAL	FY 2007 ACTUAL	FY 2008 (current year)	FY 2009 (budget year)
Certificates Issued (#)	20	19	24	26	22
Projects (#)	4	0	1	3	5
Amount Authorized	\$7,842,167	\$5,895,285	\$7,744,103	\$8,012,486	\$11,666,833
Amount Issued	\$8,419,707	\$6,247,701	\$5,655,932	\$8,012,486	\$11,666,833
Amount Redeemed	\$3,770,557	\$5,402,416	\$6,958,318	\$8,012,486	\$11,666,833
EST. Amount Outstanding	N/A		\$4,192,048	N/A	N/A

HISTORICAL AND PROJECTED INFORMATION



TAX CREDIT ANALYSIS

Program Name: Business Use Incentives for Large-scale Development (BUILD)	Department: Economic Development	Date: November 2007
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Comments on Historical and Projected Information:

BENEFIT: COST ANALYSIS (includes only state revenue impacts)

	FY 2007 ACTUAL	Other Fiscal Period (12 years)	Derivation of Benefits:
BENEFITS			Investment: \$17,600,000 in non-residential investment spending in 2007; \$4,000,000 in durable equipment spending in 2007. Employment: 200 jobs in Professional, Technical, Scientific services (0 displaced) at specified wages of \$39,520 between 2007-2018. Incentives/Credits: \$7,744,103 in authorized BUILD tax credits in 2007. Impacts occur in the Statewide Region. Assumptions provided by DED. Estimated using REMI-9-Regional Model (remi-fiscal-9-july07).
Direct Fiscal Benefits	\$433,341	\$5,764,731	
Indirect Fiscal Benefits	\$358,635	\$4,770,910	
Total	\$791,976	\$10,535,641	
COSTS			
Direct Fiscal Costs	\$7,744,103	\$7,744,103	
Indirect Fiscal Costs	\$0	\$0	
Total	\$7,744,103	\$7,744,103	
BENEFIT: COST	0.10	1.36	

Other Benefits:

In FY-2007, every dollar of authorized program tax credit returns:

\$1.46 in new personal income totaling \$11.34 million

\$2.35 in new value-added/GSP totaling \$18.19 million

\$3.92 in new economic output totaling \$30.32 million

Over 12 years, every dollar of authorized program tax credits returns:

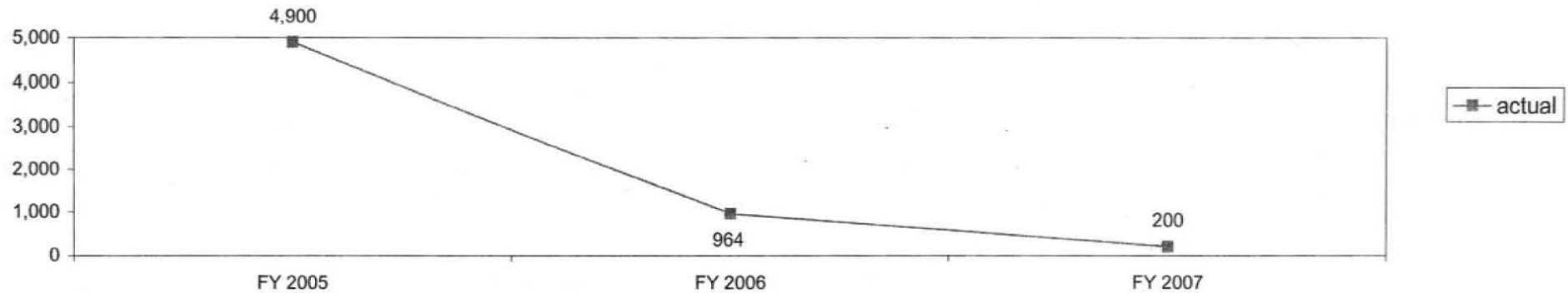
\$15.96 in new personal income totaling \$191.47million

\$26.28 in new value-added/GSP totaling \$315.34 million

\$38.14 in new economic output totaling \$457.72 million

PERFORMANCE MEASURE(S)

New Jobs Created



Comments on Performance Measure:

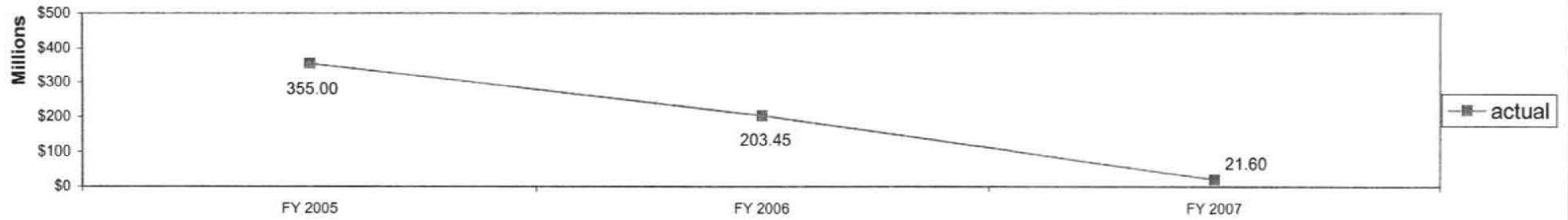
TAX CREDIT ANALYSIS

Program Name: Business Use Incentives for Large-scale Development (BUILD)

Department: Economic Development

Date: November 2007

Investment



Comments on Performance Measure:

MISSOURI DEVELOPMENT FINANCE BOARD

[§§ 100.250-100.297 RSMo]

INDUSTRIAL DEVELOPMENT, INFRASTRUCTURE AND OTHER REVENUE BONDS

What is the advantage of the industrial development and other revenue bonds issued by the Missouri Development Finance Board?

The Missouri Development Finance Board (the "Board") is authorized to issue revenue bonds to provide cost-effective financing for many different types of projects for private businesses, nonprofit and governmental entities. Although certain projects that can be financed through the Board overlap with those permitted to be financed by cities, counties and industrial development authorities, the Board's list of permissible projects is broader than those permitted to be financed by other issuers. In addition, the Board is uniquely qualified to issue bonds for certain types of projects located at more than one site in the State.

What types of projects can be financed with revenue bonds issued by the Board?

Authorized projects include a factory, assembly plant, manufacturing plant, fabricating plant, distribution center, warehouse building, office building, port terminal or facility, transportation and transfer facility, industrial plant, processing plant, commercial or agricultural facility, nursing or retirement facility or combination thereof, recreational facility, cultural facility, public facilities, job training or other vocational training facility, infrastructure facility, video-audio telecommunication conferencing facility, office building, facility for the prevention, reduction, disposal or control of pollution, sewage or solid waste, facility for conducting export trade activities, or research and development building in connection with any of the above facilities.

The Board has placed special emphasis on certain types of projects:

- Industrial development revenue bonds. The Board has established a program to target certain qualified manufacturing facilities that may be eligible for the issuance of tax-exempt bonds.
- Cultural facilities revenue bonds. The Board is the only governmental issuer authorized to issue bonds for cultural facilities for qualified 501(c)(3) entities, such as museums.
- Infrastructure facilities revenue bonds. The Board issues bonds and loans the proceeds to governmental entities to finance infrastructure improvements. Such improvements include highways, streets, bridges, water supply and distribution systems, mass transportation facilities and equipment, telecommunication facilities, jails and prisons, sewers and sewage treatment facilities, wastewater treatment facilities, airports, railroads, reservoirs, dams and waterways in the State, acquisition of blighted real estate and the improvements thereon, demolition of existing structures and preparation of sites in anticipation of development, public facilities, and any other improvements provided by any form of government or certain development agencies.

Are all bonds issued by the Board “tax-exempt”?

If the bonds are issued to pay the costs of certain types of projects (e.g., manufacturing facilities, solid waste disposal facilities, certain governmental purposes), the bonds may be able to be issued as tax-exempt bonds for federal income tax purposes, carrying lower interest rates than those obtained through conventional financing. In addition, all bonds issued by the Board regardless of their purpose are exempt from income taxation by the State of Missouri.

What are the costs of issuing bonds through the Board?

Recently, the Board adopted a new, lower bond issuance fee schedule:

Private Activity Bonds:

Issuance fee of 0.30% (\$75,000 maximum)

Local Government Bonds:

Issuance fee of 0.25% up to \$25 million; 0.10% above \$25 million (\$75,000 maximum)

Does the Board issue bonds for the purpose of providing property tax abatement similar to Chapter 100 Bonds?

The Board will permit the issuance of bonds to provide tax abatement under certain limited circumstances. The Board will consider assisting with tax abatement only on projects that have a capital investment of at least \$25 million and/or employ over 500 jobs at the facility or over 1,000 jobs in the State. The local governmental entity (city or county) requesting abatement for a company also must hold a public hearing to take and consider public comment on the proposal and adopt a resolution requesting that the Board provide the tax abatement.

Under such a structure, the company receiving abatement will convey title to the property being financed to the Board, and the Board will lease the project back to the company pursuant to a lease agreement. The lease agreement will require the company, acting on behalf of the Board, to use the proceeds of the bonds to purchase and/or construct the project. The company will be unconditionally obligated to make payments in amounts that will be sufficient to pay principal and interest on the bonds as they become due. Pursuant to a trust indenture, the Board will assign to the trustee, for the benefit of the bondowners, its right to receive rental payments from the company under the lease agreement.

Because the Board will hold title to the project, the project is by law exempt from property taxation. However, the Board will require the company to make payments in lieu of taxes to local taxing jurisdictions in a certain percentage of property taxes that would otherwise be due, which percentage is negotiated between the sponsoring municipality and the company.

MISSOURI DEVELOPMENT FINANCE BOARD BOND GUARANTEE

What types of bonds may be guaranteed by the Board?

Only bonds issued to finance infrastructure facilities are eligible to be guaranteed.

How does the guarantee work?

The Board may authorize a State income tax credit to the owner of revenue bonds issued by the Board in the amount equal to the unpaid principal of and interest on such bonds in the taxable year of such owner following the calendar year of the default. The tax credit is also available to any financial

institution or guarantor executing a credit facility as security for bonds, including for payment of any unpaid fees imposed by such financial institution or guarantor for the credit facility.

What are the requirements for the Board to guarantee bonds?

Before issuing the bonds, the Board must determine that: (1) the availability of a tax credit is a material inducement to the undertaking of the project in the State and to the sale of the bonds; and (2) the loan with respect to the project is adequately secured by security satisfactory to the Board.

What if the tax credit exceeds the total State income tax liability?

Any portion of the tax credit to which any owner of a bond is entitled that exceeds the total income tax liability of such owner may be carried forward and allowed as a credit against any future taxes imposed on such owner within the next ten years.

Are the tax credits transferable?

A taxpayer may sell, assign, exchange or otherwise transfer earned tax credits (1) for no less than 75% of the par value of such credits, and (2) in an amount not to exceed 100% of annual earned credits.

Who can I contact for additional information?

Missouri Development Finance Board
Governor's Office Building
200 Madison Street, Suite 1000
P.O. Box 567
Jefferson City, Missouri 65102
Phone: 573-751-8479
Fax: 573-526-4418
E-mail: mdfb@ded.mo.gov

TAX CREDIT ANALYSIS

Program Name: MDFB Bond Guarantee	Department: Economic Development	Date: November 2007
Program Category: Redevelopment	Type: Tax Credit <input checked="" type="checkbox"/> Other (specify) _____	
Statutory Authority: 100.297, RSMo	Applicable Taxes: Income Tax, excluding withholding tax; Corporate Franchise Tax, Bank Tax; Insurance Premium Tax; Other Financial Institutions Tax	

Program Description and Eligibility Requirements:
 The Tax Credit Bond Enhancement Program provides a tax credit enhancement on behalf of Public Entities for certain bonds. This program uses the Board's bond tax credits as collateral.

Explanation of How Award is Computed: Entitlement _____ Discretionary ☒
 Typically we do not need to issue these credits. They are provided as additional security for the bonds. Tax credits are computed based on inability to meet debt service on bonds after all other resources are utilized and all compliance requirements are met on an annual basis. The credit is issued for the shortfall in an annual debt service payment.

Program Cap: Cumulative \$50 million (remainder of cumulative cap) \$48,812,870 Annual \$ _____ None _____

Explanation of cap:
 A cumulative cap of \$50,000,000 the remainder \$48,812,870 that may continue to be utilized as bond enhancements expire.

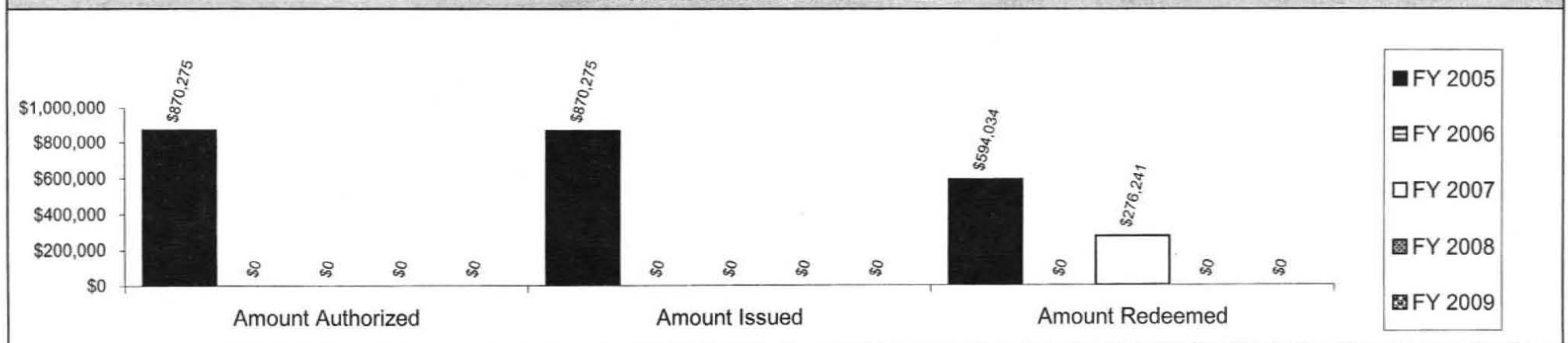
Explanation of Expiration of Authority:

Specific Provisions: (if applicable)
 Carry forward 10 years Carry Back _____ years Refundable _____ Sellable/Assignable Yes Additional Federal Deductions Available _____

Comments on Specific Provisions:

	FY 2005 ACTUAL	FY 2006 ACTUAL	FY 2007 ACTUAL	FY 2008 (current year)	FY 2009 (budget year)
Certificates Issued (#)	1	N/A	N/A	N/A	N/A
Projects (#)	1	N/A	N/A	N/A	N/A
Amount Authorized	\$870,275	\$0	\$0	\$0	\$0
Amount Issued	\$870,275	\$0	\$0	\$0	\$0
Amount Redeemed	\$594,034	\$0	\$276,241	\$0	\$0
EST. Amount Outstanding	N/A	N/A	\$0	N/A	N/A

HISTORICAL AND PROJECTED INFORMATION



TAX CREDIT ANALYSIS

Program Name: MDFB Bond Guarantee		Department: Economic Development	Date: November 2007
Comments on Historical and Projected Information:			
BENEFIT: COST ANALYSIS (includes only state revenue impacts)			
	FY 2007 ACTUAL	Other Fiscal Period (indicated time period)	Derivation of Benefits: No economic activity in FY 2007. The actual FY2005 amount of \$870,275 was attributed to a Tax Credit Bond Enhancement issued for the Uptown Theater. The Uptown Theater is a project that dates back to FYE 1998. The initial Tax Credit Bond Enhancement was \$8,500,000. The project was underperforming and the Board and the City of Kansas City agreed to settle in the amount of \$1,187,130. The \$870,275 was the final settlement amount. It is unusual for MDFB to issue tax credits under this program.
BENEFITS			
Direct Fiscal Benefits			
Indirect Fiscal Benefits			
Total	\$0		
COSTS			
Direct Fiscal Costs	\$0		
Indirect Fiscal Costs			
Total	\$0		
BENEFIT: COST			
Other Benefits:			

TAX CREDIT ANALYSIS

Program Name: MDFB Infrastructure Development Fund Contribution Tax Credit	Department: Economic Development	Date: November 2007
Program Category: Redevelopment	Type: Tax Credit <input checked="" type="checkbox"/> Other (specify) _____	
Statutory Authority: 100.286, RSMo	Applicable Taxes: Income Tax, excluding withholding tax; Corporate Franchise Tax, Bank Tax, Insurance Premium Tax, Other Financial Institutions Tax	

Program Description and Eligibility Requirements:

Through this program the Missouri Development Finance Board is authorized to grant tax credits equal to fifty percent of contributions. Contributions are used to pay the cost of infrastructure construction.

Explanation of How Award is Computed:

Entitlement _____ Discretionary ☒

Tax Credit is 50% of contribution received from taxpayer for specific approved project.

Program Cap: Cumulative \$ _____ (remainder of cumulative cap) \$ _____ Annual \$10 million _____ None _____

Explanation of cap:

Per statute, the Board is authorized to use a maximum of \$10 million in tax credits during any calendar year. The statutory limit can be exceeded with the consent of the Directors of Economic Development, and Revenue and the Commissioner of Administration.

Explanation of Expiration of Authority: N/A

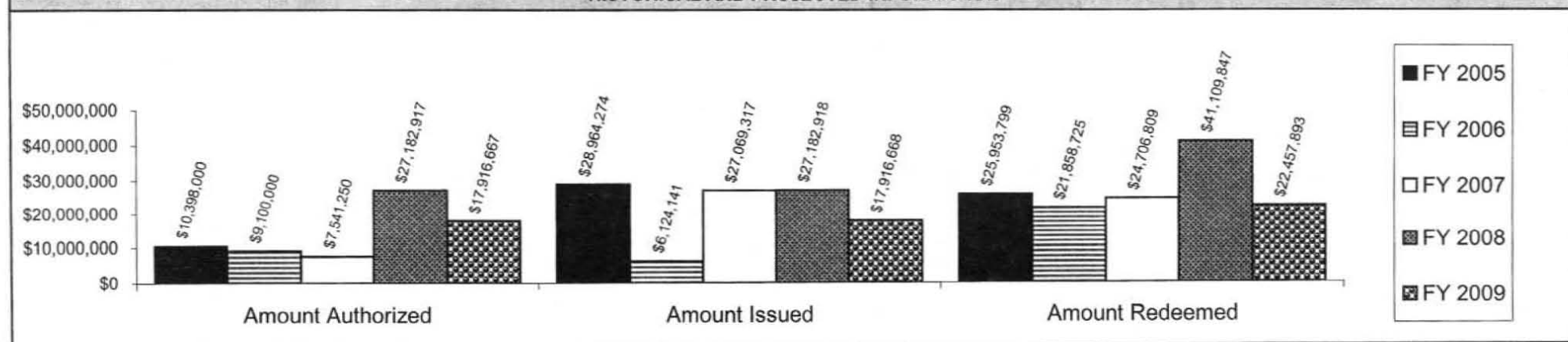
Specific Provisions: (if applicable)

Carry forward 5 years Carry Back _____ years Refundable _____ Sellable/Assignable yes Additional Federal Deductions Available _____

Comments on Specific Provisions:

	FY 2005 ACTUAL	FY 2006 ACTUAL	FY 2007 ACTUAL	FY 2008 (current year)	FY 2009 (budget year)
Certificates Issued (#)	649	250	461	300	300
Projects (#)	4	4	6	7	7
Amount Authorized	\$10,398,000	\$9,100,000	\$7,541,250	\$27,182,917	\$17,916,667
Amount Issued	\$28,964,274	\$6,124,141	\$27,069,317	\$27,182,918	\$17,916,668
Amount Redeemed	\$25,953,799	\$21,858,725	\$24,706,809	\$41,109,847	\$22,457,893
EST. Amount Outstanding	N/A	N/A	\$23,936,017	N/A	N/A

HISTORICAL AND PROJECTED INFORMATION



TAX CREDIT ANALYSIS

Program Name: MDFB Infrastructure Development Fund Contribution Tax Credit	Department: Economic Development	Date: November 2007
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Comments on Historical and Projected Information:

BENEFIT: COST ANALYSIS (includes only state revenue impacts)

	FY 2007 ACTUAL	Other Fiscal Period (12 years)	Derivation of Benefits:
BENEFITS			
Direct Fiscal Benefits	\$833,592	\$5,643,332	Investment: \$60,468,313 in non-residential construction demand and \$422,300 in producer durable equipment in 2007.
Indirect Fiscal Benefits	\$753,781	\$5,103,022	Employment: 162 jobs in professional, technical, and scientific services and 5 jobs in warehousing and storage between 2008-2018.
Total	\$1,587,373	\$10,746,354	Incentives/Credits: \$7,541,250 in authorized Infrastructure Development tax credits in 2007. \$5,526,875 issued and assumed redeemed in 2007, remainder in 2008.
COSTS			Impacts occur in the Statewide Region. Assumptions provided by DED. Estimated using REMI-9-Regional Model (remi-fiscal-9-july07).
Direct Fiscal Costs	\$5,526,875	\$7,492,619	
Indirect Fiscal Costs	\$0	\$0	
Total	\$5,526,875	\$7,492,619	
BENEFIT: COST	0.29	1.43	

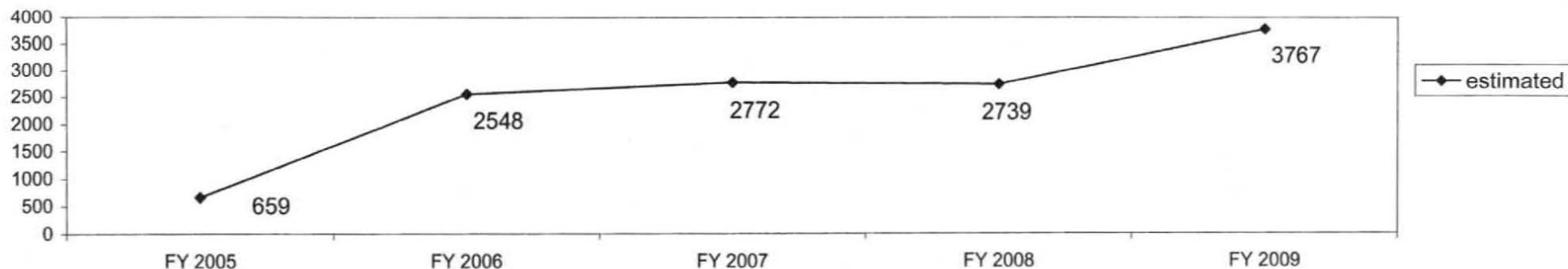
Other Benefits:

In FY-2007, every dollar of authorized program tax credits returns
\$4.78 in new personal income totaling \$26.40 million
\$6.92 in new value-added/GSP totaling \$38.23 million
\$12.37 in new economic output totaling \$68.35 million

Over 12 YEARS, every dollar of authorized program tax credits returns
\$19.19 in new personal income totaling \$230.23 million
\$26.33 in new value-added/GSP totaling \$316.02 million
\$38.98 in new economic output totaling \$467.70 million

PERFORMANCE MEASURE(S)

Permanent New Jobs Created



Comments on Performance Measure:

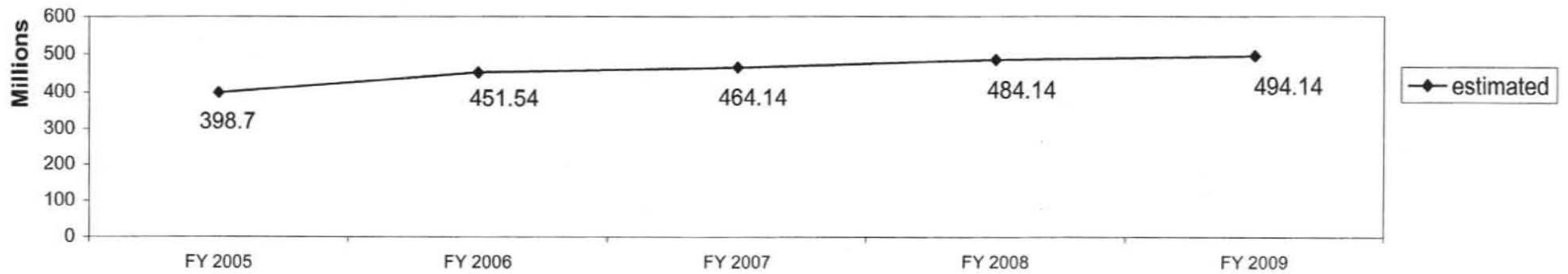
TAX CREDIT ANALYSIS

Program Name: MDFB Infrastructure Development Fund Contribution Tax Credit

Department: Economic Development

Date: November 2007

Estimated Investment



Comments on Performance Measure:

Missouri Community College New Jobs Training Program

What the Program Offers: Provides assistance in reducing the cost associated with expanding a workforce or locating a new facility in the State of Missouri through training services:

- Training customized to the specific needs of the industry;
- General occupational skill training.

Training assistance can include skill assessments, pre-employment training, facilities and equipment, instructor costs, curriculum development, travel and a variety of other training related services. On-the-job training expenses are restricted to no more than 50% of a project's training fund. In addition, total expenses for equipment, supplies and travel cannot exceed 25% of a project's training fund. Training may be provided by the company, a local educational agency or a training vendor.

How the Program Works: The community colleges, located in twelve Districts in Missouri, in cooperation with the Missouri Department of Economic Development, through the Division of Workforce Development, administer the program. The appropriate community college initially finances training through the issuance of revenue certificates. Proceeds are used to reimburse the company for training related costs. The certificates may be repaid up to approximately 8 years using tax credits from the employer's regular withholding taxes that are paid for the employees in the created jobs. The amount paid is based on a percentage of the gross wages that have been paid to the employees. The tax withholding is equal to 2.5% of gross wages for the first 100 jobs, and 1.5% for the remaining jobs in the project. Generally, participating businesses guarantee the revenue certificates.

A community college contact list can be obtained by calling the Customized Training Unit at 800/877-8698.

Eligible Areas: An eligible project may be located anywhere within the State of Missouri.

Eligible Applicants: Businesses with a sound credit rating currently located in or locating to Missouri and who are engaged in interstate or intrastate commerce for the purpose of manufacturing, processing or assembling products.

Application Procedure: The appropriate community college will submit a "Notice of Intent" for a potential project to the Division of Workforce Development. The Division will determine company eligibility and review for training duplication. On behalf of the company, the community college will then submit an application for the New Jobs Training Program outlining training details. Upon approval by the Division, the community college may enter into a formal contract agreement with the company. The community college board of trustees must approve all final project agreements.

Special Program Requirements: Funding for this program is contingent upon the availability of funds. There is a limit on the total amount of outstanding certificates for all New Jobs Training Program projects. In addition, the amount of funds available each year is further controlled by the applicable appropriation.

This program is subject to "clawback" legislation. If any jobs for which training assistance has been received are moved out of Missouri or eliminated within five years of the date the project is approved, the company may be responsible for repayment of all training assistance received through the program. The Director of the Department of Economic Development has the authority and discretion to determine any exemptions from the repayment requirement.

If applicable, union consultation is required.

Estimated Proposal: Any proposed amount is an estimate based on the assumptions provided by the company. Any variation in the actual salaries or number of jobs retained could affect the proposed amount and possibly invalidate the proposal. This summary is for guidance only and does not state complete program requirements.

Authorization: Sections 178.892 to 178.896 RSMo (2004)

MISSOURI
DEPARTMENT OF ECONOMIC DEVELOPMENT

We're Open for Business

(updated 3/21/06)

TAX CREDIT ANALYSIS

Program Name: Community College New Jobs Training Program	Department: Economic Development	Date: November 2007
Program Category: Education and Training	Type: Appropriation based on employer withholding	
Statutory Authority: 178.892-178.896, RSMo.	Applicable Taxes: N/A - is an appropriation of funds, not a credit	

Program Description and Eligibility Requirements:

Companies creating a substantial number of new jobs may qualify for training assistance through this program. Generally, funds are generated through the sale of certificates by the community college district. The debt is then retired by deferring a portion of the state employer withholding tax - approximately 2% - on the newly created jobs. Eligible companies include manufacturing, research and development, and companies engaged in interstate commerce.

Explanation of How Award is Computed:

Entitlement ☐ Discretionary ☒

A formula using the number of jobs to be created and the average annual salary of the workers in the new jobs calculates the amount that can be generated for the sale of certificates. Discretionary measures such as review of types of industry and wage rates paid are considered before approving a project.

Program Cap: Cumulative \$ 55 million (remainder of cumulative cap) \$ 40 million Annual \$ None

Explanation of cap: There is a statewide cap of \$55 million on the amount of outstanding debt (total outstanding certificates) that can be at any given time. This figure changes monthly as debt is retired on existing projects and new projects are issued.

Explanation of Expiration of Authority: Program sunsets July 1, 2018

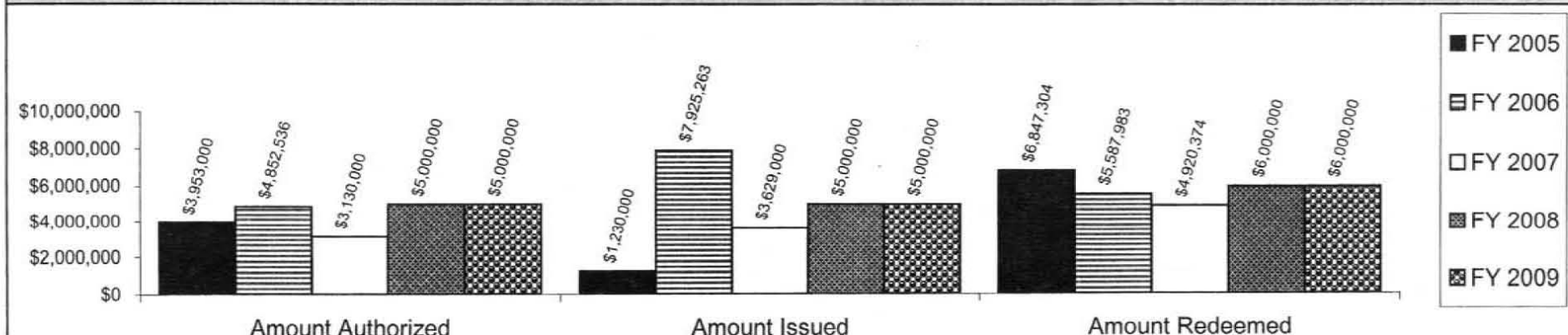
Specific Provisions: (if applicable)

Carry forward ☐ years Carry Back ☐ years Refundable ☐ Sellable/Assignable ☐ Additional Federal Deductions Available ☐

Comments on Specific Provisions:

	FY 2005 ACTUAL	FY 2006 ACTUAL	FY 2007 ACTUAL	FY 2008 (current year)	FY 2009 (budget year)
Certificates Issued (#)	2	9	4	6	6
Projects (#)	2	9	4	6	6
Amount Authorized	\$3,953,000	\$4,852,536	\$3,130,000	\$5,000,000	\$5,000,000
Amount Issued	\$1,230,000	\$7,925,263	\$3,629,000	\$5,000,000	\$5,000,000
Amount Redeemed	\$6,847,304	\$5,587,983	\$4,920,374	\$6,000,000	\$6,000,000
EST. Amount Outstanding	N/A	N/A	N/A	N/A	N/A

HISTORICAL AND PROJECTED INFORMATION



TAX CREDIT ANALYSIS

Program Name: Community College New Jobs Training Program	Department: Economic Development	Date: November 2007
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Comments on Historical and Projected Information:

BENEFIT: COST ANALYSIS (includes only state revenue impacts)

	FY 2007 ACTUAL	Other Fiscal Period (10 years)	Derivation of Benefits:
BENEFITS			Investment: n/a
Direct Fiscal Benefits	\$3,524,220	\$36,734,336	Employment: 617 job (0 displaced); 71 in Computer/Electronic Products Mfg, 393 in Broadcasting and Telecommunications, 153 in Professional/Technical/Scientific Services. All at specified wages between 2007-2016.
Indirect Fiscal Benefits	\$2,345,847	\$24,451,690	
Total	\$5,870,067	\$61,186,026	Incentives/Credits: \$3,130,000 in authorized NJTP tax credits between 2007-2013. Impacts occur in the Statewide Region. Assumptions provided by DED. Estimated using REMI-9-Regional Model (remi-fiscal-9-july07).
COSTS			
Direct Fiscal Costs	\$447,143	\$2,887,826	
Indirect Fiscal Costs	\$0	\$0	
Total	\$447,143	\$2,887,826	
BENEFIT: COST	13.13	21.19	

Other Benefits:

In FY 07, every dollar of authorized program tax credits returns:

\$130.29 in new personal income totaling \$58.26 million

\$404.96 in new value-added/GSP totaling \$181.08 million

\$701.59 in new economic output totaling \$313.71 million.

Over 10 years, every dollar of authorized program tax credits returns:

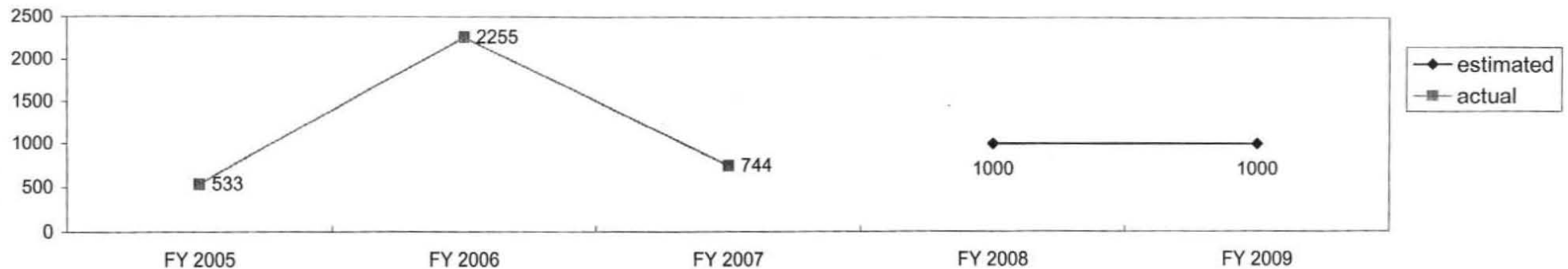
\$75.60 in new personal income totaling \$755.99 million

\$236.87 in new value added/GSP totaling \$2,368.69 million

\$411.98 in new economic output totaling \$4,119.80 million

PERFORMANCE MEASURE(S)

Permanent New Jobs Created



Comments on Performance Measure:

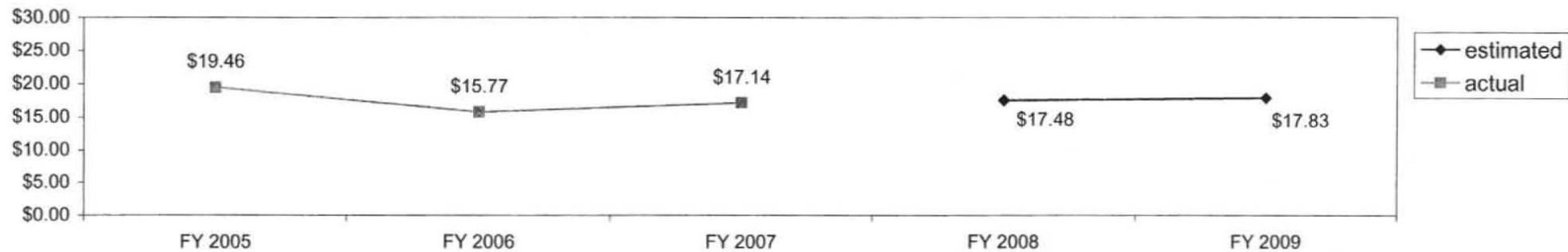
TAX CREDIT ANALYSIS

Program Name: Community College New Jobs Training Program

Department: Economic Development

Date: November 2007

Average Wage



Comments on Performance Measure:

Missouri Job Retention Training Program

What the Program Offers: The program provides assistance in reducing the cost associated with retraining an existing workforce in the State of Missouri. Training services could include assistance for the specific needs of the industry and skill training. Assistance can include skill assessments, instructor costs, curriculum development, travel, on-the-job training and a variety of other training related services. On-the-job training expenses are restricted to no more than 50% of a project's training fund. In addition, total expenses for equipment, supplies and travel cannot exceed 25% of a project's training fund. Training may be provided by the company, a local educational agency or a training vendor.

How the Program Works: The community colleges, located in twelve Districts in Missouri, in cooperation with the Missouri Department of Economic Development, through the Division of Workforce Development, administer the program. The appropriate community college initially finances training through the issuance of revenue certificates. Proceeds are used to reimburse the company for training related costs. The certificates may be repaid up to approximately 8 years using tax credits from the employer's regular withholding taxes that are paid for the employees in the retained jobs. The amount paid is based on a percentage of the gross wages that have been paid to the employees. The tax withholding is equal to 2.5% of gross wages for the first 100 jobs, and 1.5% for the remaining jobs in the project. Generally, participating businesses guarantee the revenue certificates.

A community college contact list can be obtained by calling the Customized Training Unit at 800/877-8698.

Eligible Areas: An eligible project may be located anywhere within the State of Missouri.

Eligible Applicants: Businesses with a sound credit rating currently located in Missouri engaged in interstate or intrastate commerce for the purpose of manufacturing, processing, or assembling products are eligible. Companies that conduct research and development or provide services in interstate commerce are also eligible. Retail businesses do not qualify for this program. The program is designed to assist businesses retain a

substantial number of jobs. In addition, the business must make a capital investment of a least one million dollars to acquire long term assets and be determined by DED to be at risk of relocation. Other eligibility criteria applies, such as types of jobs, type of industry, wage rates and employment status.

Application Procedure: The appropriate community college will notify the Division of Workforce Development in writing of its intent to submit a Job Retention Training Program Application with an eligible employer. The community college will then submit an application for the Job Retention Training Program, on behalf of the company. Upon approval by the Division, the community college may enter into a formal contract agreement with the company. The community college Board of Trustees must approve all final project agreements.

Special Program Requirements: Funding for this program is contingent on the availability of funds. There is a limit on the total amount of outstanding certificates for all Job Retention Training Program projects. In addition, the amount of funds available each year is further controlled by the applicable appropriation.

This program is subject to "clawback" legislation. If any jobs for which training assistance has been received are moved out of Missouri or eliminated within five years of the date the project is approved, the company may be responsible for repayment of all training assistance received through the program. The Director of the Department of Economic Development has the authority and discretion to determine any exemptions from the repayment requirement.

If applicable, union consultation is required.

Estimated Proposal: Any proposed amount is an estimate based on the assumptions provided by the company. Any variation in the actual salaries or number of jobs retained could affect the proposed amount and possibly invalidate the proposal. This summary is for guidance only and does not state complete program requirements.

Authorization: Sections 178.760 to 178.764 RSMo (2004)

MISSOURI
DEPARTMENT OF ECONOMIC DEVELOPMENT

We're Open for Business

(updated 3/21/06)

TAX CREDIT ANALYSIS

Program Name: Job Retention Training Program	Department: Economic Development	Date: November 2007			
Program Category: Education and Training	Type: appropriation based on employer withholdings				
Statutory Authority: 178.760 - 178.764 RSMo.	Applicable Taxes: N/A - is an appropriation of funds, not a tax credit				
Program Description and Eligibility Requirements: Provides training assistance for job retention efforts. Companies making a large capital investment and/or at risk of leaving the state may be eligible. This program is best-suited for large retention and training projects. The company must make a minimum capital investment of \$1 million and the retained jobs must have been in existence for the previous 2 calendar years. The company must also be making substantial capital investment, located in a border county, or be determined to represent a substantial risk of relocation.					
Explanation of How Award is Computed: Entitlement _____ Discretionary <u>X</u> _____ A formula using the number of jobs to be retained and the average annual salary of workers in retained jobs calculates the amount hat can be generated generally by the sale of certificates. Discretionary measures such as review of types of industry, occupations, and wage rates are considered before approving a project.					
Program Cap: Cumulative \$ <u>45 million</u> (remainder of cumulative cap) \$31,880,138 Annual \$ _____ None _____					
Explanation of cap: There is a statewide cap of \$45 million on the amount of outstanding debt (outstanding total certificates) there can be at any given time. This figure changes monthly as debt is retired on existing projects and new projects are issued.					
Explanation of Expiration of Authority: Program sunsets July 1, 2014					
Specific Provisions: (if applicable) Carry forward _____ years Carry Back _____ years Refundable _____ Sellable/Assignable _____ Additional Federal Deductions Available _____					
Comments on Specific Provisions:					
	FY 2005 ACTUAL	FY 2006 ACTUAL	FY 2007 ACTUAL	FY 2008 (current year)	FY 2009 (budget year)
Certificates Issued (#)	N/A	6	7	2	3
Projects (#)	N/A	6	7	2	3
Amount Authorized	N/A	\$7,000,000	\$25,079,110	\$1,200,000	\$4,000,000
Amount Issued	N/A	\$10,113,858	\$9,563,226	\$17,200,000	\$4,000,000
Amount Redeemed	N/A	\$2,882,995	\$4,285,366	\$9,800,000	\$9,800,000
EST. Amount Outstanding	N/A	N/A	N/A	N/A	N/A

HISTORICAL AND PROJECTED INFORMATION					
\$30,000,000 \$25,000,000 \$20,000,000 \$15,000,000 \$10,000,000 \$5,000,000 \$0					
	Amount Authorized \$0, \$7,000,000, \$25,079,110, \$1,200,000, \$4,000,000				
	Amount Issued \$0, \$10,113,858, \$9,563,226, \$17,200,000, \$4,000,000				
	Amount Redeemed \$0, \$2,882,995, \$4,285,366, \$9,800,000, \$9,800,000				
	<div style="display: flex; flex-direction: column; align-items: flex-end;"> <div style="display: flex; gap: 5px;"> <div style="width: 10px; height: 10px; background-color: black; margin-right: 5px;"></div> FY 2005 </div> <div style="display: flex; gap: 5px;"> <div style="width: 10px; height: 10px; background: repeating-linear-gradient(45deg, transparent, transparent 2px, black 2px, black 4px); margin-right: 5px;"></div> FY 2006 </div> <div style="display: flex; gap: 5px;"> <div style="width: 10px; height: 10px; background-color: white; border: 1px solid black; margin-right: 5px;"></div> FY 2007 </div> <div style="display: flex; gap: 5px;"> <div style="width: 10px; height: 10px; background: repeating-linear-gradient(-45deg, transparent, transparent 2px, black 2px, black 4px); margin-right: 5px;"></div> FY 2008 </div> <div style="display: flex; gap: 5px;"> <div style="width: 10px; height: 10px; background: radial-gradient(circle, black 1px, transparent 1px); background-size: 4px 4px; margin-right: 5px;"></div> FY 2009 </div> </div>				

TAX CREDIT ANALYSIS

Program Name: Job Retention Training Program	Department: Economic Development	Date: November 2007
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Comments on Historical and Projected Information:

BENEFIT: COST ANALYSIS (includes only state revenue impacts)

	FY 2007 ACTUAL	Other Fiscal Period (5 years)	Derivation of Benefits:
BENEFITS			Investment: \$832,628,000 in Capital Investment between 2007-2009.
Direct Fiscal Benefits	\$3,515,960	\$9,130,847	Employment: n/a
Indirect Fiscal Benefits	\$1,898,386	\$4,930,054	Incentives/Credits: \$25,079,110 in authorized JRTP tax credits between 2007-2010.
Total	\$5,414,346	\$14,060,901	Impacts occur in the Statewide Region. Assumptions provided by DED. Estimated using REMI-9-Regional Model (remi-fiscal-9-july07).
COSTS			
Direct Fiscal Costs	\$6,269,787	\$24,098,570	
Indirect Fiscal Costs	\$0	\$0	
Total	\$6,269,787	\$24,098,570	<i>Note: The direct and indirect fiscal benefit to the state over 5 years generated by retaining these 6700 jobs is \$354,600,271.</i>
BENEFIT: COST	0.86	0.58	

Other Benefits:

In FY-2007, every dollar of authorized program tax credit returns:

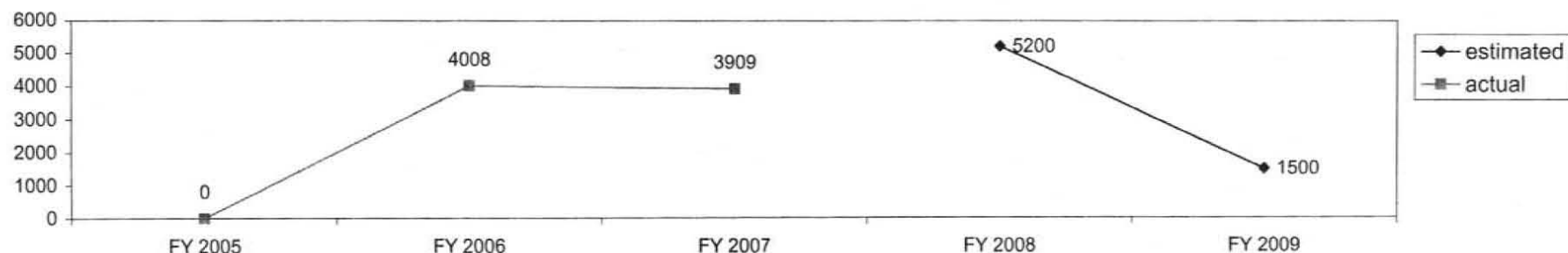
\$6.40 in new personal income totaling \$40.12 million
 \$12.32 in new value-added/GSP totaling \$77.26 million
 \$20.81 in new economic output totaling \$130.49 million

Over 5 years, every dollar of authorized program tax credits returns:

\$26.28 in new personal income totaling \$131.41 million
 \$45.65 in new value-added/GSP totaling \$228.23 million
 \$75.78 in new economic output totaling \$378.90 million

PERFORMANCE MEASURE(S)

Permanent Jobs Retained



Comments on Performance Measure:

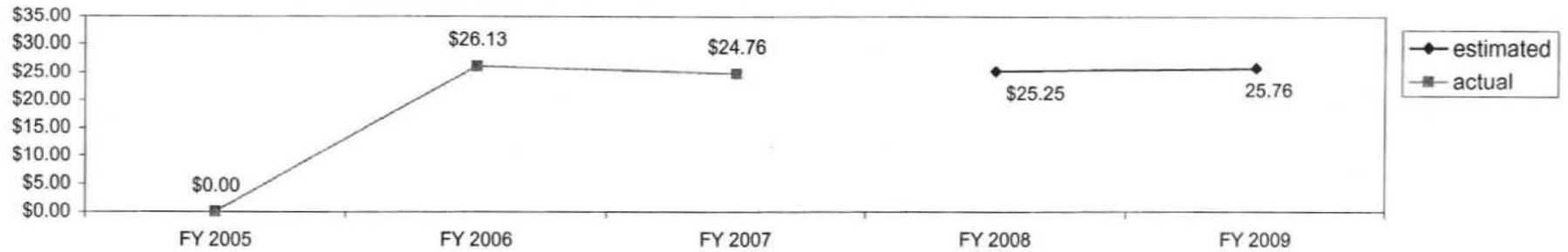
TAX CREDIT ANALYSIS

Program Name: Job Retention Training Program

Department: Economic Development

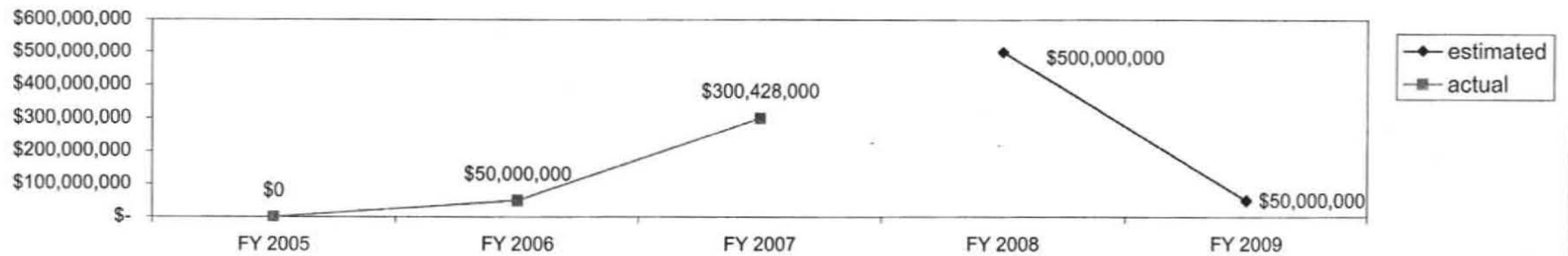
Date: November 2007

Average Wage

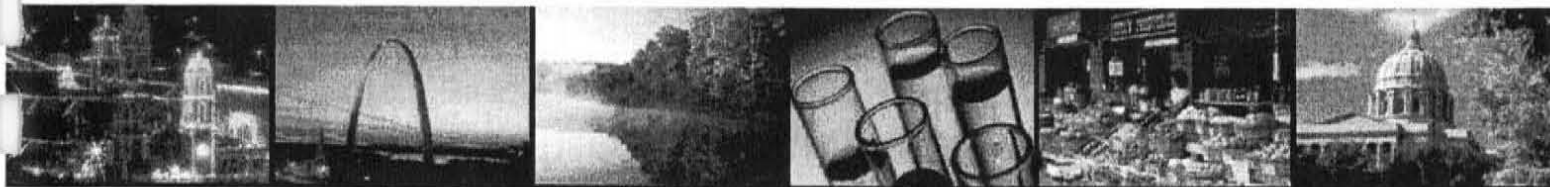


Comments on Performance Measure:

Capital Investment



Comments on Performance Measure:



BROWNFIELD REDEVELOPMENT PROGRAM

MISSOURI DEPARTMENT OF ECONOMIC DEVELOPMENT

PURPOSE

Provides financial incentives for the redevelopment of commercial/industrial sites that are contaminated with hazardous substances and have been abandoned or underutilized for at least three years.

AUTHORIZATION

Sections 447.700 to 447.718, RSMo

ELIGIBLE AREAS

Statewide.

ELIGIBLE APPLICANTS

Any Missouri taxpayer is eligible to participate in the program.

ELIGIBILITY CRITERIA

- The applicant cannot be a party who intentionally or negligently caused the release or potential release of hazardous substances at the project.
- If the property is not owned by a public entity, the city or county must endorse the project.
- The project must be accepted into the "Voluntary Cleanup Program" of the Missouri Department of Natural Resources (DNR).
- The project must be projected by the Missouri Department of Economic Development (DED) to result in the creation of at least ten new jobs or the retention of 25 jobs by a private commercial operation.

PROGRAM BENEFITS/ELIGIBLE USES

The program authorizes several types of financial assistance for eligible projects:

• Remediation Tax Credits

DED may issue tax credits for up to 100% of the cost of remediating the project property. DED will issue 75% of the credits upon adequate proof of payment of the costs; the remaining 25% will not be issued until a clean letter has been issued by DNR.

• Demolition Tax Credits

DED may issue tax credits for up to 100% of the cost of non-remediation demolition costs. The demolition must be part of a city (or county) and state approved redevelopment plan.

• Jobs and Investment Tax Benefits

Businesses locating at the project site that create new jobs to the state may receive (for up to ten years) tax credits in the amount of \$500 to \$1,300 per year for each new job created; 2% of new capital investment per year; and a 50% income exemption. To be eligible to receive these benefits, the city or county must provide at least 50% real property tax abatement for ten to 25 years.

The tax credits can be applied to:

- Ch. 143 – Income tax, excluding withholding tax
- Ch. 147 – Corporate franchise tax
- Ch. 148 –
 - Bank Tax
 - Insurance Premium Tax
 - Other Financial Institution Tax

The remediation tax credit's special attributes:

- Carry forward 20 years
- Sellable or transferable

The demolition tax credit's special attributes:

- Carry forward 20 years

The jobs and investment tax credit has no special attributes. It must be applied to tax liability for the year it was earned.

FUNDING LIMITS

The total state costs of the project tax credits must be less than the projected state economic impact of the project, as determined by DED.

The amount of remediation and demolition tax credits issued must be the least amount necessary to cause the project to occur.

APPLICATION/APPROVAL PROCEDURE

An applicant must submit an application to DED for determination of eligibility and request for remediation tax credits, Brownfield tax benefits, and/or demolition tax credits.

An application must also be submitted to the Department of Natural Resources (DNR) for participation in the "Voluntary Cleanup Program." Acceptance into this program is a requirement of the Brownfield Redevelopment Program.

Remediation that is performed prior to receipt of a written authorization for remediation tax credits from DED will not be eligible for tax credits and may jeopardize the project's overall eligibility for the program.

Applications may be submitted year-round. Each application is reviewed on a case-by-case basis.

REPORTING REQUIREMENTS

The "Tax Credit Accountability Act" reporting form must be submitted to DED by June 30 each year for three years following the year of the first issuance of tax credits.

SPECIAL PROGRAM REQUIREMENTS

Credits are subject to 2.5% issuance fee.

CONTACT

Missouri Department of Economic Development

Division of Business and Community Services • Development Finance Team

301 West High Street • Room 770 • P.O. Box 118

Jefferson City • MO • 65102

Phone: 573-522-8004 • Fax: 573-522-9462

E-mail: dedfin@ded.mo.gov • Web: www.MissouriDevelopment.org

MISSOURI
DEPARTMENT OF ECONOMIC DEVELOPMENT

TAX CREDIT ANALYSIS

Program Name: Brownfield "Demolition" Tax Credit	Department: Economic Development	Date: November 2007
Program Category: Redevelopment	Type: Tax Credit <input checked="" type="checkbox"/> Other (specify) _____	
Statutory Authority: 447.700 - 447.718, RSMo	Applicable Taxes: Income tax; Corporate Franchise tax; Bank tax; Insurance premium tax; Other financial institutions tax	

Program Description and Eligibility Requirements:

Brownfield program provides an incentive to businesses/developers to redevelop property contaminated with hazardous waste. Property must be abandoned or underutilized for at least three years. Must have real or suspected environmental contamination and must enter DNR's Voluntary Cleanup Program. Each project must create 10 new jobs or retain 25 jobs. Demolition credit is for cost of demolition that is not part of remediation activities, but is necessary for redevelopment of contaminated property.

Explanation of How Award is Computed:

Entitlement _____ Discretionary ☒

Tax credit of up to 100% of eligible demolition costs.

Must be the least amount necessary for the project to occur.

Total benefits to project capped by state economic benefit of project.

Program Cap: Cumulative \$ _____ (remainder of cumulative cap) \$ _____ Annual \$ _____ None ☒

Explanation of cap:

Explanation of Expiration of Authority:

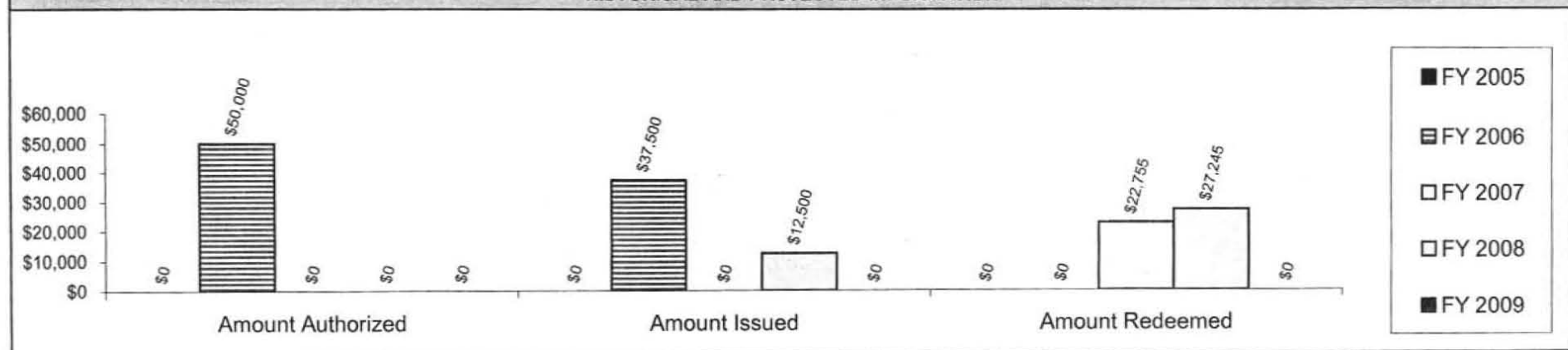
Specific Provisions: (if applicable)

Carry forward 20 years Carry Back _____ years Refundable _____ Sellable/Assignable _____ Additional Federal Deductions Available _____

Comments on Specific Provisions:

	FY 2005 ACTUAL	FY 2006 ACTUAL	FY 2007 ACTUAL	FY 2008 (current year)	FY 2009 (budget year)
Certificates Issued (#)	0	1	0	0	0
Projects (#)	0	1	0	0	0
Amount Authorized	\$0	\$50,000	\$0	\$0	0
Amount Issued	\$0	\$37,500	\$0	\$12,500	0
Amount Redeemed	\$0	\$0	\$22,755	\$27,245	0
EST. Amount Outstanding	N/A	N/A	\$14,745	N/A	N/A

HISTORICAL AND PROJECTED INFORMATION



TAX CREDIT ANALYSIS

Program Name: Brownfield "Demolition" Tax Credit		Department: Economic Development	Date: November 2007
Comments on Historical and Projected Information:			
BENEFIT: COST ANALYSIS (includes only state revenue impacts)			
	FY 2007 ACTUAL	Other Fiscal Period (indicated time period)	Derivation of Benefits: No new authorizations in 2007.
BENEFITS			
Direct Fiscal Benefits			
Indirect Fiscal Benefits			
Total			
COSTS			
Direct Fiscal Costs			
Indirect Fiscal Costs			
Total			
BENEFIT: COST	#DIV/0!	#DIV/0!	
Other Benefits:			
PERFORMANCE MEASURE(S)			

TAX CREDIT ANALYSIS

Program Name: Brownfield Jobs/Investment	Department: Economic Development	Date: November 2007
Program Category: Redevelopment	Type: Tax Credit <input checked="" type="checkbox"/> Other (specify) _____	
Statutory Authority: 447.700 - 447.718, RSMo	Applicable Taxes: Income tax; Corporate Franchise tax; bank tax; insurance premium tax; other financial institutions tax	

Program Description and Eligibility Requirements:
 Credit for businesses at an eligible project that create at least 2 new jobs or retain at least 25 jobs which locates at a contaminated site that successfully participates in VCP. For eligibility, the property must be abandoned or underutilized for at least three years. Real or suspected environmental contamination and must enter DNR's Voluntary Cleanup Program. Project must create 10 new jobs or retain 25 jobs.

Explanation of How Award is Computed: Entitlement _____ Discretionary ☒
 Combination of benefits of the BFC and EZ Programs, resulting in up to \$500 in credits for each new or retained job, up to an additional \$400 per new or retained job that exceeds 10 new jobs; And \$400 per employee for workers who are difficult to employ or are eligible for certain relief programs; and a 2% investment credit, (each year for up to 10 years). Total benefits to project capped by state economic benefit of project.

Program Cap: Cumulative \$ _____ (remainder of cumulative cap) \$ _____ Annual \$ _____ None ☒

Explanation of cap:

Explanation of Expiration of Authority:

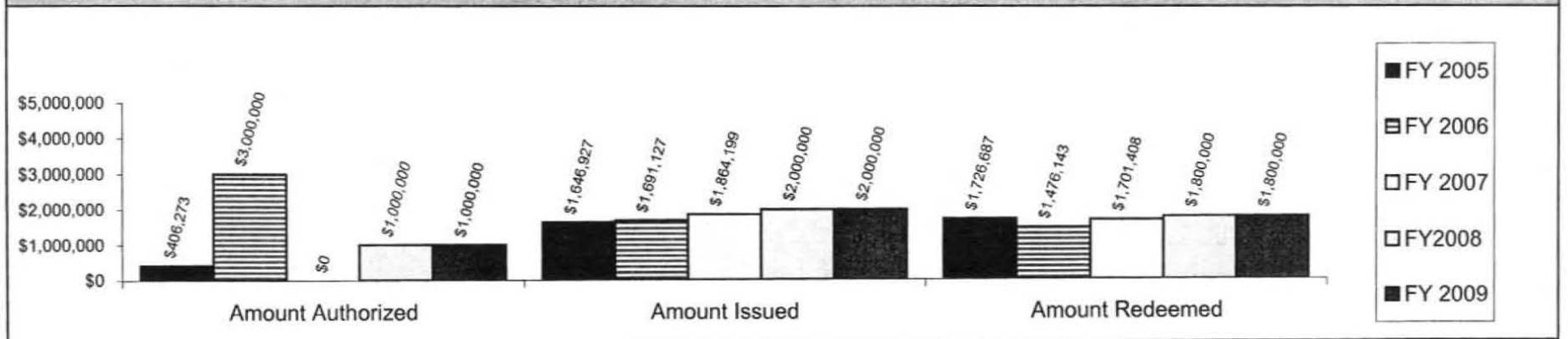
Specific Provisions: (if applicable)

Carry forward _____ years Carry Back _____ years Refundable ☒ (at DED discretion) Sellable/Assignable _____ Additional Federal Deductions Available _____

Comments on Specific Provisions:

	FY 2005 ACTUAL	FY 2006 ACTUAL	FY 2007 Actual	FY 2008 (current year)	FY 2009 (budget year)
Certificates Issued (#)	2	3	4	5	5
Projects (#)	2	3	4	5	5
Amount Authorized	\$406,273	\$3,000,000	\$0	\$1,000,000	\$1,000,000
Amount Issued	\$1,646,927	\$1,691,127	\$1,864,199	\$2,000,000	\$2,000,000
Amount Redeemed	\$1,726,687	\$1,476,143	\$1,701,408	\$1,800,000	\$1,800,000
EST. Amount Outstanding	N/A	N/A	0	N/A	N/A

HISTORICAL AND PROJECTED INFORMATION



TAX CREDIT ANALYSIS

Program Name: Brownfield Jobs/Investment	Department: Economic Development	Date: November 2007
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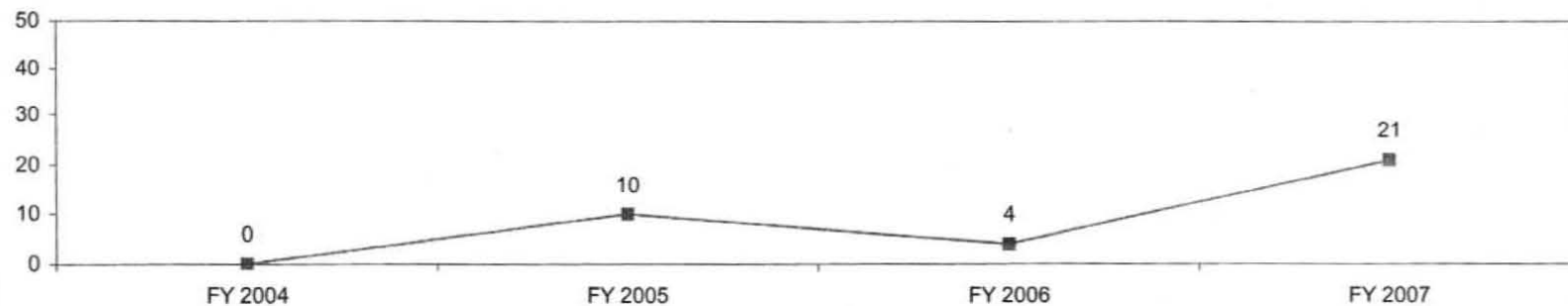
Comments on Historical and Projected Information:

BENEFIT: COST ANALYSIS (includes only state revenue impacts)

	FY 2007 ACTUAL	Other Fiscal Period 12 Years	Derivation of Benefits:
BENEFITS			No new authorizations in 2007.
Direct Fiscal Benefits			
Indirect Fiscal Benefits			
Total			
COSTS			
Direct Fiscal Costs			
Indirect Fiscal Costs			
Total			
BENEFIT: COST	#DIV/0!	#DIV/0!	

PERFORMANCE MEASURE(S)

Jobs Created



Comments on Performance Measure:

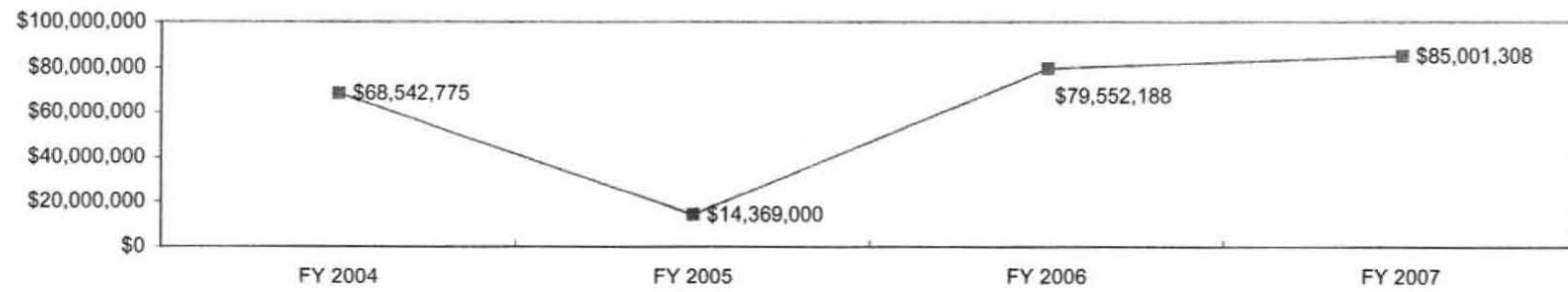
TAX CREDIT ANALYSIS

Program Name: Brownfield Jobs/Investment

Department: Economic Development

Date: November 2007

Investment



Comments on Performance Measure:

TAX CREDIT ANALYSIS

Program Name: Brownfield Remediation	Department: Economic Development	Date: November 2007
Program Category: Redevelopment	Type: Tax Credit <input checked="" type="checkbox"/> Other (specify) _____	
Statutory Authority: 447.700 - 447.718, RSMo	Applicable Taxes: Income tax; Corporate Franchise tax; bank tax; insurance premium tax; other financial institutions tax	

Program Description and Eligibility Requirements:

Provide an incentive to businesses/developers to redevelop property contaminated with hazardous wastes. Requirements are property abandoned or underutilized for at least three years. Real or suspected environmental contamination and must enter DNR's Voluntary Cleanup Program. Project must create 10 new jobs or retain 25 jobs.

Explanation of How Award is Computed:

Entitlement _____ Discretionary ☒

Tax credit of up to 100% of eligible remediation costs. The program requires the project to enroll in DNR's Voluntary Cleanup Program. 75% upon payment of remediation costs; 25% upon issuance of DNR "clean letter". Must be the least amount necessary to cause the project to occur. Total benefits of project capped by state economic benefit of project.

Program Cap: Cumulative \$ _____ (remainder of cumulative cap) \$ _____ Annual \$ _____ None ☒

Explanation of cap:

Explanation of Expiration of Authority:

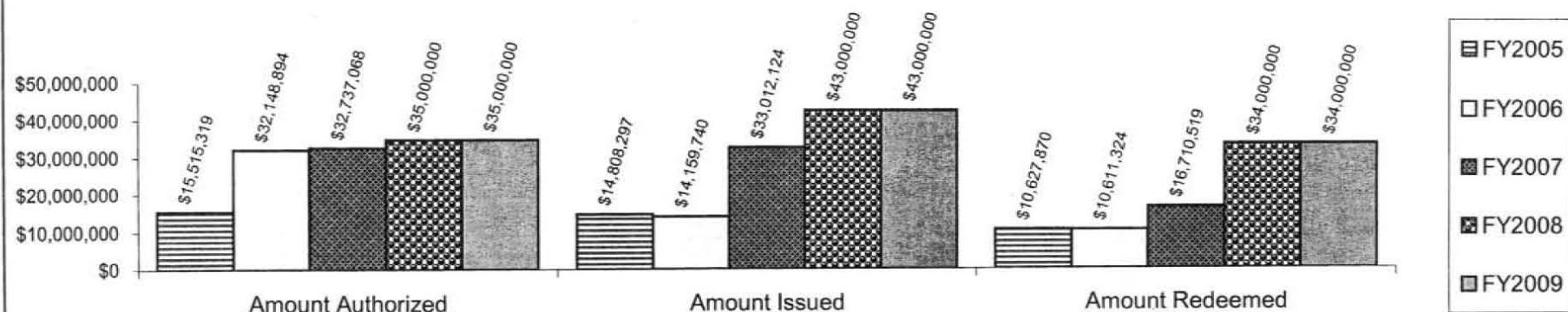
Specific Provisions: (if applicable)

Carry forward 20 years Carry Back _____ years Refundable _____ Sellable/Assignable ☒ Additional Federal Deductions Available _____

Comments on Specific Provisions:

	FY 2005 ACTUAL	FY 2006 ACTUAL	FY 2007 ACTUAL	FY 2008 (current year)	FY 2009 (budget year)
Certificates Issued (#)	27	51	57	75	75
Projects (#)	7	18	26	25	25
Amount Authorized	\$15,515,319	\$32,148,894	\$32,737,068	\$35,000,000	\$35,000,000
Amount Issued	\$14,808,297	\$14,159,740	\$33,012,124	\$43,000,000	\$43,000,000
Amount Redeemed	\$10,627,870	\$10,611,324	\$16,710,519	\$34,000,000	\$34,000,000
EST. Amount Outstanding	N/A	N/A	\$20,000,000	N/A	N/A

HISTORICAL AND PROJECTED INFORMATION



TAX CREDIT ANALYSIS

Program Name: Brownfield Remediation	Department: Economic Development	Date: November 2007
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Comments on Historical and Projected Information:

BENEFIT: COST ANALYSIS (includes only state revenue impacts)

	FY 2007 ACTUAL	Other Fiscal Period (15 Years)	Derivation of Benefits:
BENEFITS			
Direct Fiscal Benefits	\$7,267,105	\$104,544,060	Investment: \$67,353,742 in residential investment spending between 2007-2008; \$1,114,348,680 in non-residential investment spending between 2007-2028.
Indirect Fiscal Benefits	\$2,283,303	\$32,847,437	Employment: 14,834 jobs (7,854 displaced) in specified industries at average wages between 2009-2028.
Total	\$9,550,408	\$137,391,497	Incentives/credits: \$32,737,068 in authorized tax credits between 2007-2009. Impacts occur in the Statewide Region. Assumptions provided by DED. Estimated using REMI-9-Regional Model (remi-fiscal-9-july07).
COSTS			
Direct Fiscal Costs	\$14,001,866	\$31,788,789	
Indirect Fiscal Costs			
Total	\$14,001,866	\$31,788,789	
BENEFIT: COST	0.68	4.32	

Other Benefits:

In FY 2007, every dollar of authorized program tax credits returns

\$11.18 in new personal income totaling \$156.50 million

\$17.23 in new value-added/GSP totaling \$241.28 million.

\$30.33 in new economic output totaling \$424.73 million

Over 15 years, every dollar of authorized program tax credits returns

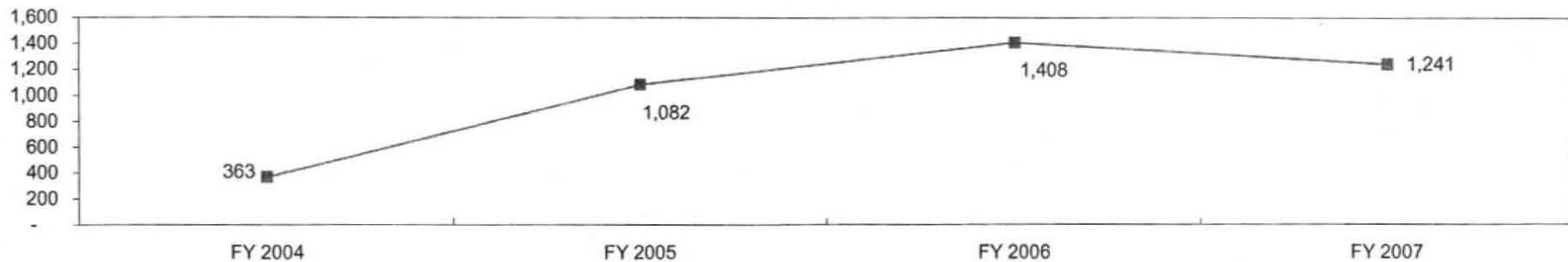
\$209.84 in new personal income totaling \$3,147.67 million

\$399.84 in new value-added/GSP totaling \$5,997.66 million

\$601.72 in new economic output totaling \$9,025.81 million

PERFORMANCE MEASURE(S)

Jobs Created



Comments on Performance Measure:

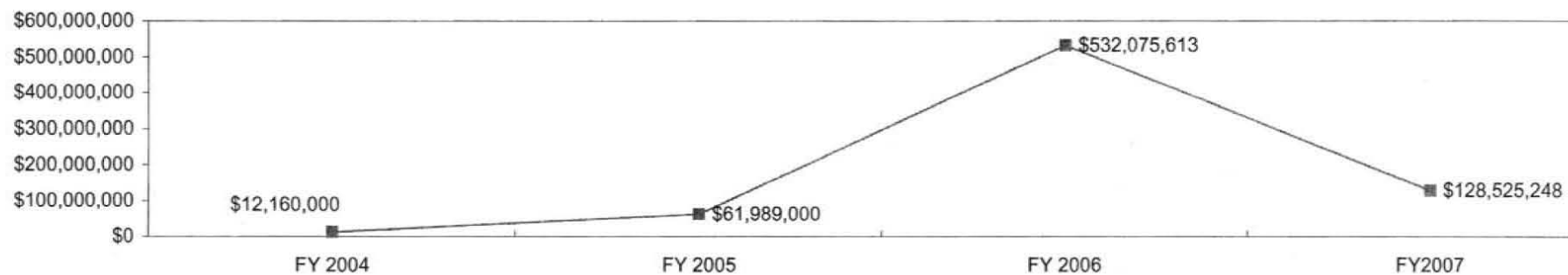
TAX CREDIT ANALYSIS

Program Name: Brownfield Remediation

Department: Economic Development

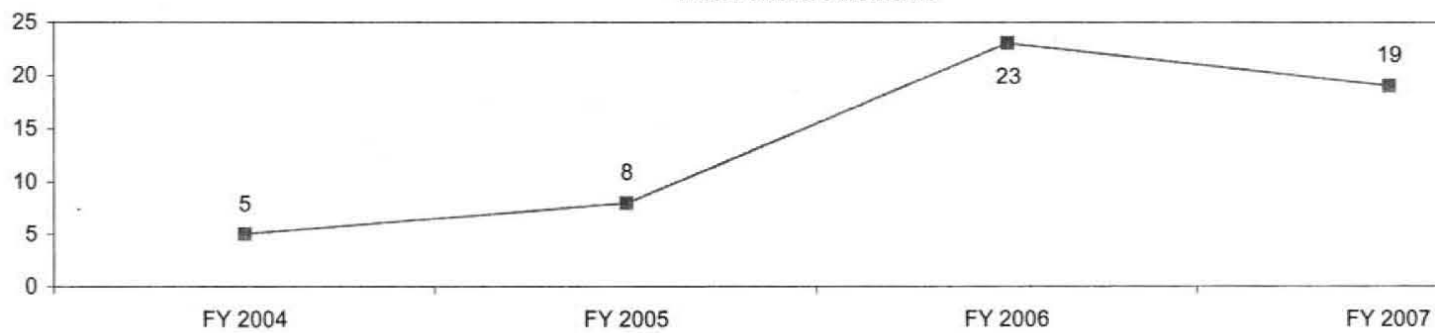
Date: November 2007

Leveraged Amount



Comments on Performance Measure:

Renovated Facilities



Comments on Performance Measure:

COMMUNITY DEVELOPMENT CORPORATION TAX CREDIT

MISSOURI DEPARTMENT OF ECONOMIC DEVELOPMENT

Cumulative Cap Exhausted

PURPOSE

Induce the creation of Community Development Corporations (CDC) which would then invest in new or growing small businesses, owner occupied housing, certain types of real estate development, or redevelopment projects in a targeted area.

AUTHORIZATION

Sections 135.400 to 135.430, RSMo.

HOW THE PROGRAM WORKS

A "Fundor" (contributor or investor) may obtain state tax credits based on 50% of their investments or contributions in a pre-approved CDC. The CDC would then make equity investments or loans to a specific project within the designated redevelopment area.

ELIGIBLE AREAS

Statewide.

ELIGIBLE PROJECTS

Nearly any type of commercial business operation or real estate development project located in the designated redevelopment area is eligible to receive funding by the CDC projects. The targeted area is specified by the CDC, and must comply with certain demographic requirements specified by the Department of Economic Development (DED).

ELIGIBLE USE OF FUNDS

A CDC may use the funds for loans or equity investments to a business to be used for acquisition of real estate or buildings, new capital improvements and working capital. Funds may also be used for real estate development or redevelopment projects, including certain types of housing in-fill and new construction for owner occupied units.

APPLICATION PROCEDURE

A CDC may submit an application to DED at any time. DED will approve the application based on compliance with all the eligibility criteria and the ability of the CDC to successfully manage the fund. The CDC must prepare a revitalization plan to be approved by the Missouri Department of Economic Development, unless it is completely within a federal empowerment zone/enterprise community.

The tax credits will be provided to the "Fundor" upon documentation of the investment or contribution to the CDC as outlined in the program guidelines. Any contribution or investment made by the "Fundor" prior to DED's approval of a request for the tax credits by the CDC will not be eligible for tax credits.

FUNDING LIMITS

The maximum tax credits provided to "Fundors" of a CDC is \$100,000 (based on investments or contributions of \$200,000). The maximum investment by the CDC in one project/business is \$100,000. The CDC's investment must create/retain at least one full-time job (except in housing). Application approval will be based upon the availability of tax credits within the program along with the order in which they are received.

CONTACT

DED Community Development Programs:

301 W. High Street, PO Box 118

Jefferson City, MO 65102

Phone: 573-751-4572 Fax: 573-751-8999

E-mail: cdc@ded.state.mo.us

TAX CREDIT ANALYSIS

Program Name: Community Development Bank Tax Credit (CDC)	Department: Economic Development	Date: November 2007
Program Category: Redevelopment	Type: Tax Credit <input checked="" type="checkbox"/> Other (specify) _____	
Statutory Authority: 135.400 to 135.430, RSMo.	Applicable Taxes: Income Tax, excluding withholding tax; Corporate franchise tax; Bank tax; Insurance premium tax; Other financial institution tax; Express companies tax; Insurance co. retaliatory tax	

Program Description and Eligibility Requirements:
Credit of 50% for a contribution/investment into a pre-approved community bank or CDC. Funds targeted to induce investment into distressed areas. The types of investments identified in the application could fall into one of the three following categories: micro loans to new or growing small businesses, real estate development/redevelopment or housing in-fill/rehabilitation projects.

Explanation of How Award is Computed: Entitlement _____ Discretionary ☒
Based upon 50% of a contribution/investment into a pre-approved community bank or CDC. The level of funding is determined during the application phase. Approval is subject to the amount of credits available, the application meeting the program requirements, and the projected outcomes attainable.

Program Cap: Cumulative \$ 6 Million (remainder of cumulative cap) \$ 0 Annual \$ _____ None _____
Explanation of cap: When the program was initiated it received a one time allocation of \$6 million. In 2000 SB 894 was passed that would have allowed for an annual allocation of tax credits. However, SB 894 was found to be unconstitutional by the Missouri Supreme Court. Currently all of the initial allocation has been authorized to approved community banks/CDC's. While those approved community banks/CDC's continue to produce results no new applications are being accepted.

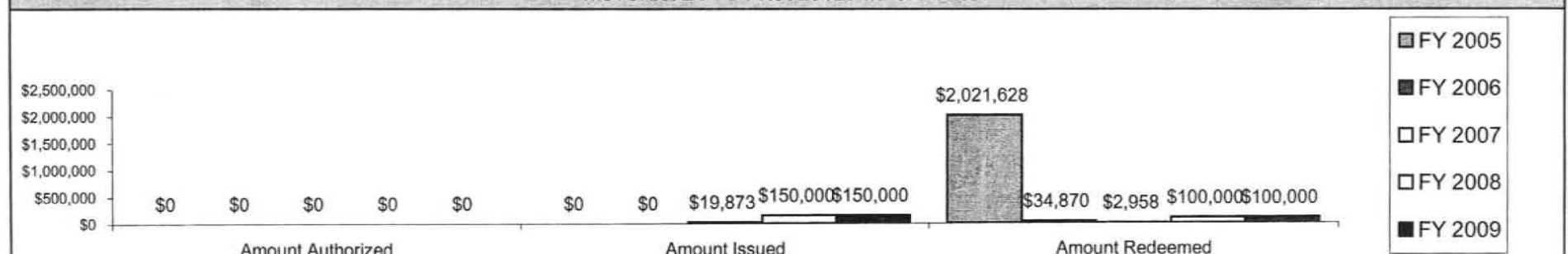
Explanation of Expiration of Authority:

Specific Provisions: (if applicable)
Carry forward 10 years Carry Back _____ years Refundable _____ Sellable/Assignable ☒ Additional Federal Deductions Available _____

Comments on Specific Provisions:

	FY 2005 ACTUAL	FY 2006 ACTUAL	FY 2007 ACTUAL	FY 2008 (current year)	FY 2009 (budget year)
Certificates Issued (#)	0	6	3	5	5
Projects (#)	0	6	2	3	3
Amount Authorized	\$0	\$0	\$0	\$0	\$0
Amount Issued	\$0	\$0	\$19,873	\$150,000	\$150,000
Amount Redeemed	\$2,021,628	\$34,870	\$2,958	\$100,000	\$100,000
EST. Amount Outstanding	N/A	N/A	\$200,000	N/A	N/A

HISTORICAL AND PROJECTED INFORMATION



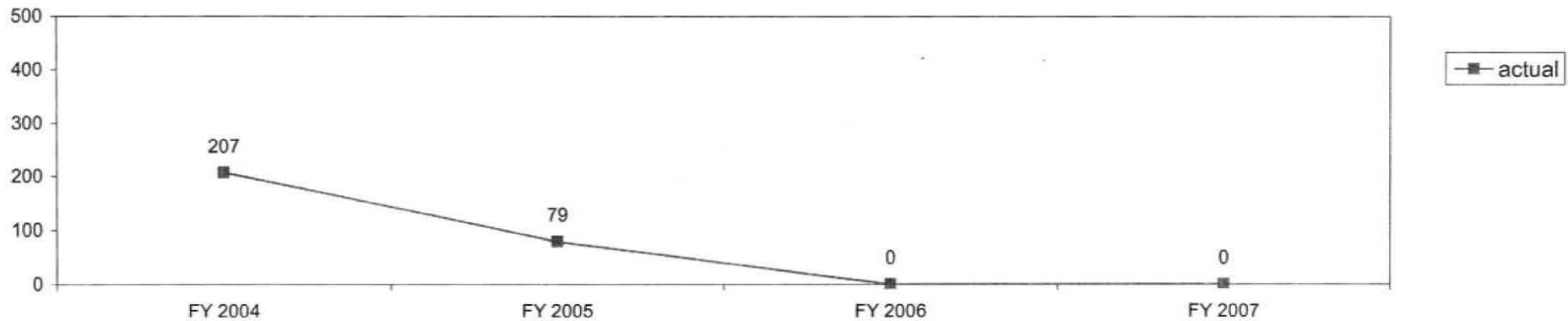
Comments on Historical and Projected Information:

TAX CREDIT ANALYSIS

Program Name: Community Development Bank Tax Credit (CDC)		Department: Economic Development	Date: November 2007
BENEFIT: COST ANALYSIS (includes only state revenue impacts)			
	FY 2007 ACTUAL	Other Fiscal Period	Derivation of Benefits: No authorizations in 2007.
BENEFITS			
Direct Fiscal Benefits	\$0	\$0	
Indirect Fiscal Benefits	\$0	\$0	
Total	\$0	\$0	
COSTS			
Direct Fiscal Costs	\$0	\$0	
Indirect Fiscal Costs			
Total	\$0	\$0	
BENEFIT: COST	n/a	n/a	

PERFORMANCE MEASURE(S)

New and Retained Jobs



Comments on Performance Measure: FY 2004 148 New Jobs plus 59 Retained Jobs = 207 Total Jobs; FY 2005 79 New Jobs plus 0 Retained Jobs = 79 Total Jobs.

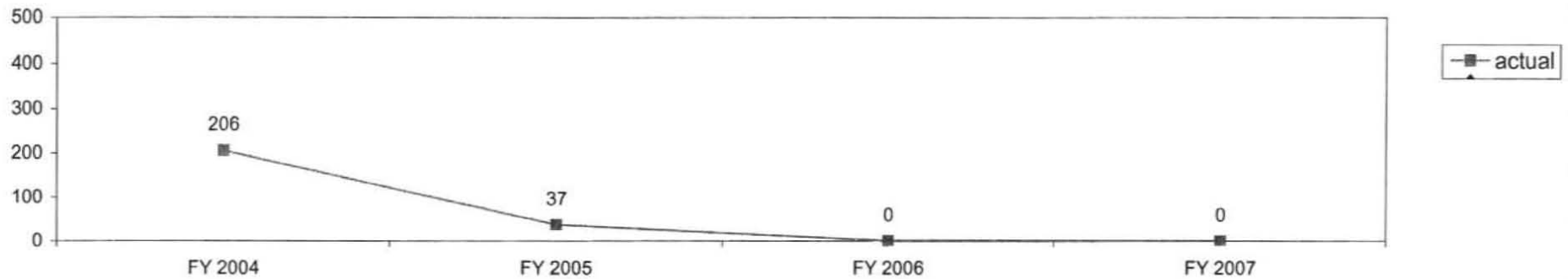
TAX CREDIT ANALYSIS

Program Name: Community Development Bank Tax Credit (CDC)

Department: Economic Development

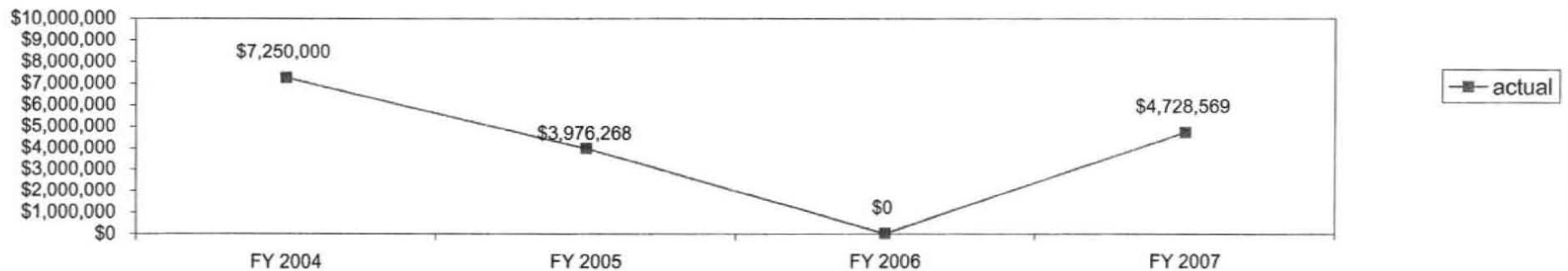
Date: November 2007

New and Rehabilitated Housing Units



Comments on Performance Measure: FY 2004 83 New Housing Units plus 123 Rehabilitated Housing Units = 206 Total Units; FY 2005 12 New Housing Units plus 25 Rehabilitated Housing Units = 37 Total Units.

Leveraged Investment Dollars



Comments on Performance Measure: Leveraged dollars reflect the amount of investment that occurred in targeted distressed areas as a result of program approved projects.





HISTORIC PRESERVATION TAX CREDIT PROGRAM

MISSOURI DEPARTMENT OF ECONOMIC DEVELOPMENT

PURPOSE

Provide an incentive for the redevelopment of commercial and residential historic structures in Missouri.

AUTHORIZATION

Sections 253.545 to 253.561, RSMo

ELIGIBLE AREAS

Statewide.

ELIGIBLE APPLICANTS

Any taxpayer is eligible to participate in this program. Not-for-profit entities and government entities are ineligible.

PROGRAM BENEFITS/ELIGIBLE USES

The program provides state tax credits equal to 25% of eligible costs and expenses of the rehabilitation of approved historic structures.

This tax credit can be applied to:

- Ch. 143 – Income tax, excluding withholding tax
- Ch. 148 –
 - Bank Tax
 - Insurance Premium Tax
 - Other Financial Institution Tax

This credit's special attributes:

- Carry back 3 years
- Carry forward 10 years
- Sellable or transferable

APPLICATION/APPROVAL PROCEDURE

An application is submitted to the Missouri Department of Economic Development (DED), which will then submit the information to the State Historic Preservation Office to determine the eligibility of the property and proposed rehabilitation, based on the standards of the U.S. Department of the Interior. There are no application deadlines, and the program is non-competitive.

REPORTING REQUIREMENTS

The "Tax Credit Accountability Act" reporting form must be submitted to DED by June 30 each year for three years following the year of the first issuance of tax credits.

SPECIAL PROGRAM REQUIREMENTS

An eligible property must be:

- listed individually on the National Register of Historic Places;
- certified by the Missouri Department of Natural Resources as contributing to the historical significance of a certified historic district listed on the National Register; or
- of a local historic district that has been certified by the U.S. Department of the Interior.

The costs and expenses associated with the rehabilitation must exceed 50% of the total basis of the property (acquisition cost).

CONTACT

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MISSOURI
DEPARTMENT OF ECONOMIC DEVELOPMENT

TAX CREDIT ANALYSIS

Program Name: Historic Preservation	Department: Economic Development	Date: November 2007
Program Category: Redevelopment	Type: Tax Credit <input checked="" type="checkbox"/> Other (specify) _____	
Statutory Authority: 253.545 -253.561, RSMo	Applicable Taxes: Income tax, bank tax, insurance premium tax, other financial institutions tax	

Program Description and Eligibility Requirements:
Credits issued for percentage of qualified rehabilitation costs on historic structures. Individuals, organizations and businesses which have a Missouri liability are eligible to apply.

Explanation of How Award is Computed: Entitlement ☒ Discretionary _____

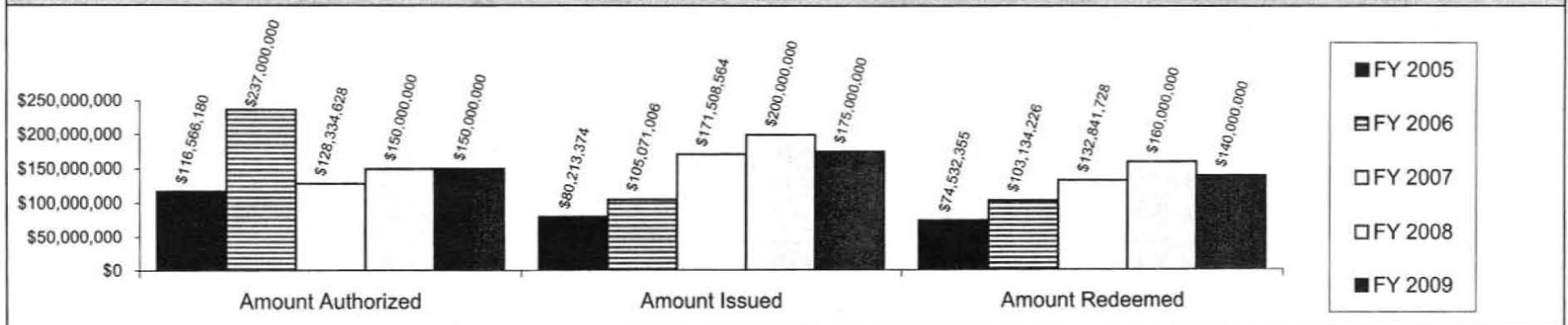
Program Cap: Cumulative \$ _____ (remainder of cumulative cap) \$ _____ Annual \$ _____ None ☒
Explanation of cap:

Explanation of Expiration of Authority:

Specific Provisions: (if applicable)
Carry forward 10 years Carry Back 3 years Refundable _____ Sellable/Assignable ☒ Additional Federal Tax Credits Available ☒
Comments on Specific Provisions: 20% Federal Historic Credit

	FY 2005 ACTUAL	FY 2006 ACTUAL	FY 2007 ACTUAL	FY 2008 (current year)	FY 2009 (budget year)
Certificates Issued (#)	168	230	250	275	275
Projects (#)	168	230	250	275	275
Amount Authorized	\$116,566,180	\$237,000,000	\$128,334,628	\$150,000,000	\$150,000,000
Amount Issued	\$80,213,374	\$105,071,006	\$171,508,564	\$200,000,000	\$175,000,000
Amount Redeemed	\$74,532,355	\$103,134,226	\$132,841,728	\$160,000,000	\$140,000,000
EST. Amount Outstanding	N/A	N/A	\$50,000,000	N/A	N/A

HISTORICAL AND PROJECTED INFORMATION



TAX CREDIT ANALYSIS

Program Name: Historic Preservation	Department: Economic Development	Date: November 2007
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Comments on Historical and Projected Information:

BENEFIT: COST ANALYSIS (includes only state revenue impacts)

	FY 2007 ACTUAL	Other Fiscal Period (10 Years)	Derivation of Benefits:
BENEFITS			
Direct Fiscal Benefits	\$2,057,726	\$17,921,285	Investment: \$350,092,741.92 in residential investment; \$297,518,961.53 in non-residential investment; 80% of investments in year 2007-2009, 20% of investments in 2010-2011.
Indirect Fiscal Benefits	\$2,543,990	\$22,156,281	Employment: 2,427 jobs (1,484 displaced) in specified industries at average wages between 2010-2016.
Total	\$4,601,716	\$40,077,566	Incentives/credits: \$128,334,628 in authorized tax credits, 80% in 2010 and 20% in 2012. Impacts occur in the Statewide Region. Assumptions provided by DED. Estimated using REMI-9-Regional Model (remi-fiscal-9-july07).
COSTS			
Direct Fiscal Costs	\$0	\$116,862,639	
Indirect Fiscal Costs			
Total	\$0	\$116,862,639	
BENEFIT: COST	#DIV/0!	0.34	

In FY-2007, every dollar of authorized program tax credits returns:

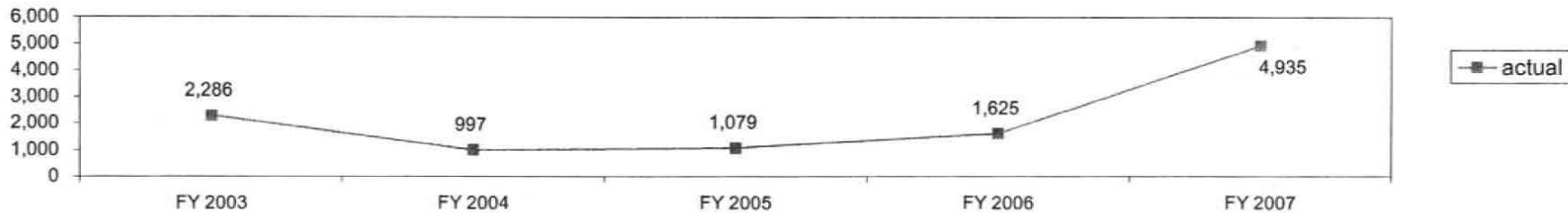
N/A in new personal income totaling \$74.52 million
 N/A in new value-added/GSP totaling \$119.62 million
 N/A in new economic output totaling \$208.35 million

Over 10 years, every dollar of authorized program tax credits returns:

\$78.98 in new personal income totaling \$789.76 million
 \$150.18 in new value-added/GSP totaling \$1,501.79 million
 \$230.38 in new economic output totaling \$2,303.84 million

PERFORMANCE MEASURE(S)

Jobs Created



Comments on Performance Measure:

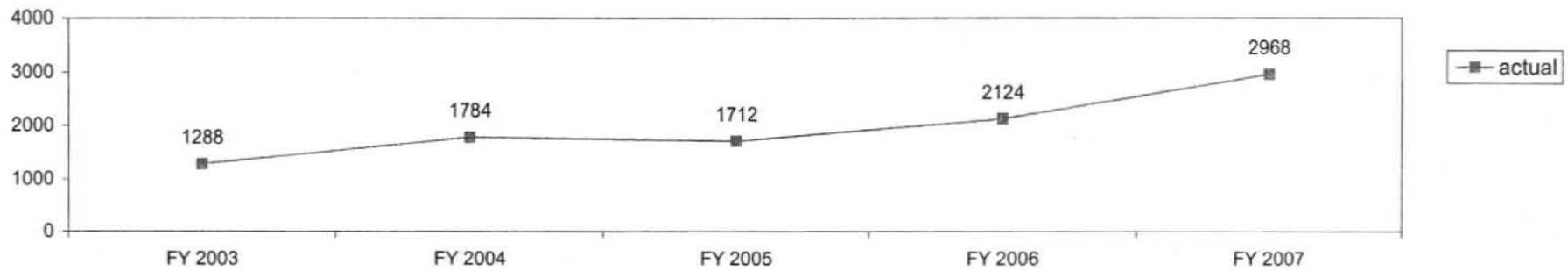
TAX CREDIT ANALYSIS

Program Name: Historic Preservation

Department: Economic Development

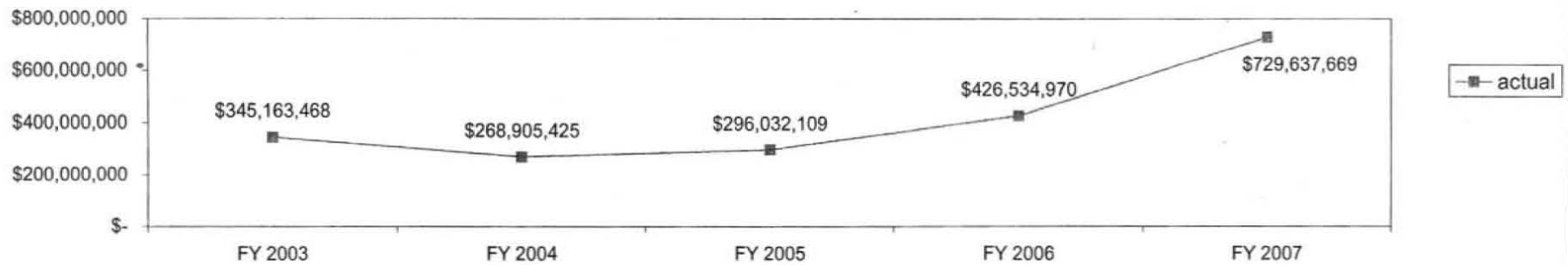
Date: November 2007

Housing Units



Comments on Performance Measure:

Amount Leveraged



Comments on Performance Measure:



LAND ASSEMBLAGE TAX CREDIT PROGRAM

MISSOURI DEPARTMENT OF ECONOMIC DEVELOPMENT

PURPOSE

Support redevelopment of blighted areas into productive use.

AUTHORIZATION

Section 99.1205, RSMo. (HB1, Special Session, 2007).

ELIGIBLE AREAS

- An area of at least 75 acres;
- At least 80% must be within a Distressed Area (applicable to other DED programs) or a federal "Qualified Census Tract" (26 U.S.C. Section 42);
- The redeveloper must acquire at least 50 acres of the area;
- The average parcels per acre must be four or more; and
- Less than five percent of the acreage for acquisition by the redeveloper under the redevelopment plan shall consist of owner-occupied residences.

ELIGIBLE APPLICANTS

Redeveloper, which is a person, firm, partnership, trust, limited liability company, or corporation.

ELIGIBILITY CRITERIA

The redeveloper must have incurred acquisition cost for at least 50 acres of eligible parcels, have been appointed the redeveloper of the area by a city or county, have entered into a redevelopment agreement, and have been approved for redevelopment incentives for the area.

PROGRAM BENEFITS/ELIGIBLE USES

State tax credits are provided to the redeveloper based on 50% of the acquisition costs and 100% of the interest costs incurred for a period of five years after the acquisition of an eligible parcel. Maintenance costs (boarding up and securing vacant structures, costs of removing trash, and costs of cutting grass and weeds) may also be included as acquisition costs.

FUNDING LIMITS

- Maximum aggregate amount of tax credits for all projects: \$95 million.
- Maximum annual amount of tax credits, all projects (by one or more redevelopers): \$10 million. If the amount to be issued to more than one redeveloper exceeds \$10 million/year, the amount will be pro-rated between the redevelopers. Any amount of tax credits that exceeds the \$10 million annual cap shall be carried forward for the benefit of the redevelopers to subsequent years.

APPLICATION/APPROVAL PROCEDURE

A redeveloper may submit an application to the Department of Economic Development (DED). The redeveloper must identify the boundaries of the eligible project area in the application. The department shall verify that the municipal authority held the requisite hearings and gave the requisite notices for such hearings in accordance with the applicable economic incentive act and municipal ordinances.

REPORTING REQUIREMENTS

Redevelopers must submit satisfactory evidence of all acquisition, maintenance, and interest costs to DED annually prior to November 15. If maintenance costs are to be included, DED must post on its website the type and amount of such costs.

SPECIAL PROGRAM REQUIREMENTS

- No tax credits shall be authorized after August 28, 2013. Any tax credits which have been authorized on or before August 28, 2013, but not issued, may be issued, subject to the limitations provided under this subsection, until all such authorized tax credits have been issued.
- Tax credits may be applied against the taxes imposed under chapters 143, 147, and 148, RSMo, except for sections 143.191 to 143.265, RSMo., or any unused portion may be carried forward for credit against the taxes imposed under chapters 143, 147, and 148, RSMo, for the succeeding six years, or until the full credit is used, whichever occurs first. The applicant shall not be entitled to a tax credit for taxes imposed under sections 143.191 to 143.265.
- Unused tax credits may be sold, assigned, or transferred. Such transfer must be submitted to DED on Form MO-TF.

CONTACT

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MISSOURI
DEPARTMENT OF ECONOMIC DEVELOPMENT

Revised November 2007

TAX CREDIT ANALYSIS

Program Name: Distressed Areas Land Assemblage	Department: Economic Development	Date: November, 2007
Program Category: Redevelopment	Type: Tax Credit <u> x </u> Other (specify) <u> </u>	
Statutory Authority: 99.1205, RSMo	Applicable Taxes: Income tax, bank tax, insurance premium tax, other financial institutions tax	

Program Description and Eligibility Requirements:
 Applicant that has incurred , within an eligible project area, acquisition costs for the acquisition of 50 acres (within a project area of at least 75 acres) and whom has been appointed by the local municipality as the redeveloper of the redevelopment area is entitled to a tax credit of fifty percent of the acquisition costs and one hundred percent of the interest costs incurred for a period of five years after the acquisition of an eligible parcel.

Explanation of How Award is Computed: Entitlement x Discretionary
 Tax credit amount equal to fifty percent of the acquisition costs which includes enviromental assessments, closing costs, real estate brokerage fees, reasonable demolition costs of vacant structures, and reasonable maintenance costs. The tax credit amount is equal to one hundred percent for interest costs for a period of five years which includes interest, loan fees, and closing costs.

Program Cap: Cumulative \$ 95M (remainder of cumulative cap) \$ Annual \$ 10M None

Explanation of cap:
 Tax credits that will exceed the \$10M in any year shall either be issued to one applicant, if there is only one applicant, or issued on a pro rata basis to all applicants entitled to receive tax credits in that year. Any amount of tax credits of which an applicant is entitled but does not receive shall be carried forward for the benefit of the applicant to subsequent years.

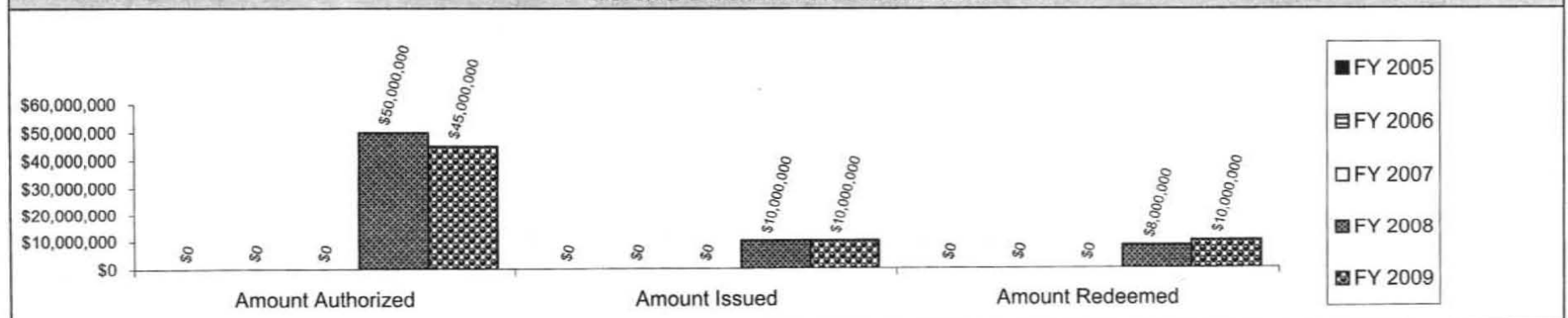
Explanation of Expiration of Authority: No tax credits shall be authorized after 8/28/2013.

Specific Provisions: (if applicable)
 Carry forward 6 years Carry Back years Refundable Sellable/Assignable x Additional Federal Deductions Available

Comments on Specific Provisions:

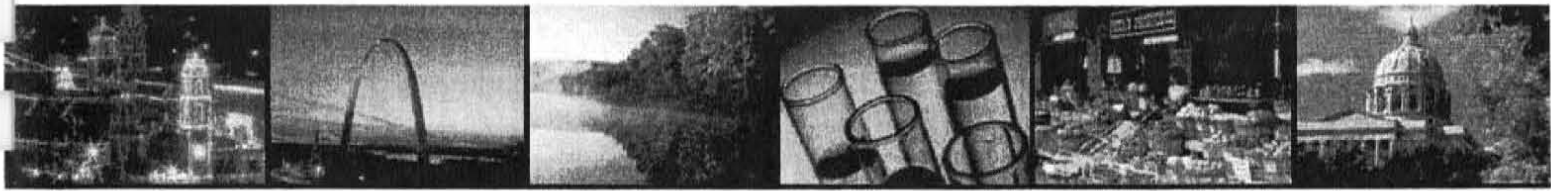
	FY 2005 ACTUAL	FY 2006 ACTUAL	FY 2007 ACTUAL	FY 2008 (current year)	FY 2009 (budget year)
Certificates Issued (#)	0	0	0	0	0
Projects (#)	0	0	0	0	0
Amount Authorized	\$0	\$0	\$0	\$50,000,000	\$45,000,000
Amount Issued	\$0	\$0	\$0	\$10,000,000	\$10,000,000
Amount Redeemed	\$0	\$0	\$0	\$8,000,000	\$10,000,000
EST. Amount Outstanding	N/A	N/A	\$0	N/A	N/A

HISTORICAL AND PROJECTED INFORMATION



TAX CREDIT ANALYSIS

Program Name: Distressed Areas Land Assemblage		Department: Economic Development		Date: November, 2007
Comments on Historical and Projected Information:				
BENEFIT: COST ANALYSIS (includes only state revenue impacts)				
	FY 2007 ACTUAL	Other Fiscal Period (indicated time period)	Derivation of Benefits:	
BENEFITS				
Direct Fiscal Benefits				
Indirect Fiscal Benefits				
Total				
COSTS				
Direct Fiscal Costs				
Indirect Fiscal Costs				
Total				
BENEFIT: COST	#DIV/0!	#DIV/0!		
Other Benefits:				
PERFORMANCE MEASURE(S)				



NEIGHBORHOOD PRESERVATION ACT

MISSOURI DEPARTMENT OF ECONOMIC DEVELOPMENT

PURPOSE

To provide an incentive for the rehabilitation or construction of owner-occupied homes in certain areas of the state.

AUTHORIZATION

Sections 135.475 to 135.487, RSMo

ELIGIBLE AREAS

"Qualifying Areas" include "distressed communities," as defined in 135.530, RSMo, and areas with a median household income of less than 70% of the median household income for the applicable MSA or non-MSA.

"Eligible Areas" with a median household income of 70% to 89% of the median household income for the applicable MSA or non-MSA.

ELIGIBLE APPLICANTS

Any taxpayer who incurs eligible costs for a new residence or rehabilitates a residence for owner occupancy that is located in a designated area.

PROGRAM BENEFITS/ELIGIBLE USES

The Department of Economic Development (DED) issues state tax credits to a homeowner who rehabilitates a home or to a homeowner or developer that constructs a new home for owner-occupancy in certain areas of the state.

This tax credit can be applied to:

- Ch. 143 – Income tax, excluding withholding tax
- Ch. 147 – Corporate franchise tax
- Ch. 148 –
 - Bank Tax
 - Insurance Premium Tax
 - Other Financial Institution Tax

This credit's special attributes:

- Carry back 3 years
- Carry forward 5 years
- Sellable or transferable

FUNDING LIMITS

The maximum credits available are \$8 million for Qualifying Areas and \$8 million for Eligible Areas.

The credits for a project are determined as follows:

- New Residences in Eligible Areas – 15% of eligible costs, tax credits cannot exceed \$25,000 per residence;
- New Residences in Qualifying Areas – 15% of eligible

costs, tax credits cannot exceed \$40,000 per residence;

- Substantial Rehabilitation in Eligible Areas – 25% of eligible costs, minimum costs \$10,000, tax credits cannot exceed \$25,000 per residence;
- Substantial Rehabilitation in Qualifying Areas – 35% of eligible costs, minimum costs the greater of \$5,000 or 50% of the purchase price, tax credit cannot exceed \$70,000 per residence.
- Non-substantial Rehabilitation in Qualifying Areas – 25% of eligible costs, minimum costs \$5,000, tax credits cannot exceed \$25,000 per residence.

APPLICATION/APPROVAL PROCEDURE

A pre-application is submitted to DED that includes cost estimates and scope of work. Applications will be accepted during an application cycle starting in September and ending in mid-November. The applications are granted preliminary approval based on a lottery process.

REPORTING REQUIREMENTS

The "Tax Credit Accountability Act" reporting form must be submitted to DED by June 30 each year for three years following the year of the first issuance of tax credits.

SPECIAL PROGRAM REQUIREMENTS

Tax credits may not be claimed in addition to any other state tax credits, with the exception of the Historic Preservation tax credit authorized by sections 253.545 to 253.561, RSMo. If Historic Preservation tax credits are claimed, the maximum available credits under this program will be the lesser of 20% of the eligible costs or \$40,000.

CONTACT

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MISSOURI
DEPARTMENT OF ECONOMIC DEVELOPMENT

Revised November 2007

TAX CREDIT ANALYSIS

Program Name: Neighborhood Preservation Tax Credit	Department: Economic Development	Date: November 2007
Program Category: Housing	Type: Tax Credit <input checked="" type="checkbox"/> Other (specify) _____	
Statutory Authority: 135.475 - 135.487, RSMo	Applicable Taxes: Income tax, Corporate franchise tax, Bank tax, Insurance premium tax, Other financial institutions tax	

Program Description and Eligibility Requirements:

Provide an incentive for homeowners in certain lower income areas to rehabilitate their home, or incentive for "in-fill" new construction of owner-occupied housing. Geographic eligibility restrictions; age of home restrictions; must be residence intended for owner-occupancy.

Explanation of How Award is Computed:

Entitlement ☒ Discretionary _____

Tax Credit of 25% - 35% of eligible renovation costs, or 15% of new construction.

Program Cap: Cumulative \$ _____ (remainder of cumulative cap) \$ _____ Annual \$ 16 million None _____

Explanation of cap:

\$8M for eligible areas; \$8M for qualifying areas (as defined by law). Credits are awarded on a first-come first-served basis by utilizing a lottery system.

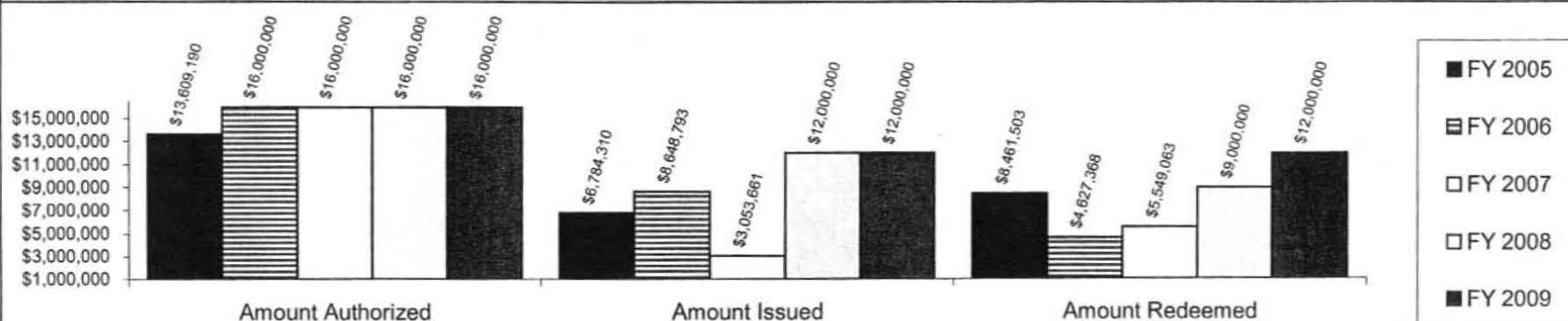
Explanation of Expiration of Authority:

Specific Provisions: (if applicable)

Carry forward 5 years Carry Back 3 years Refundable _____ Sellable/Assignable ☒ Additional Federal Deductions Available _____

Comments on Specific Provisions:

	FY 2005 ACTUAL	FY 2006 ACTUAL	FY 2007 ACTUAL	FY 2008 (current year)	FY 2009 (budget year)
Certificates Issued (#)	155	127	127	150	175
Projects (#)	258	127	127	150	175
Amount Authorized	\$13,609,190	\$16,000,000	\$16,000,000	\$16,000,000	\$16,000,000
Amount Issued	\$6,784,310	\$8,648,793	\$3,053,661	\$12,000,000	\$12,000,000
Amount Redeemed	\$8,461,503	\$4,627,368	\$5,549,062	\$9,000,000	\$12,000,000
EST. Amount Outstanding	N/A	N/A	\$500,000	N/A	N/A



TAX CREDIT ANALYSIS

Program Name: Neighborhood Preservation Tax Credit	Department: Economic Development	Date: November 2007
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Comments on Historical and Projected Information:

BENEFIT: COST ANALYSIS (includes only state revenue impacts)

	FY 2007 ACTUAL	Other Fiscal Period 5 Years	Derivation of Benefits:
BENEFITS			Investment: \$169,982,892 in residential investment between 2007-2008. Incentives/Credits: \$15,857,690 in authorized NPA tax credits in 2007. Impacts occur in the Statewide Region. Assumptions provided by DED. Estimated using REMI-9-Regional Model (remi-fiscal-9-jul07).
Direct Fiscal Benefits	\$1,849,432	\$2,133,791	
Indirect Fiscal Benefits	\$350,631	\$404,542	
Total	\$2,200,063	\$2,538,333	
COSTS			
Direct Fiscal Costs	\$15,857,690	\$15,857,690	
Indirect Fiscal Costs	\$0		
Total	\$15,857,690	\$15,857,690	
BENEFIT: COST	0.14	0.16	

Other Benefits:

In FY2007, every dollar of authorized program tax credits returns

\$2.21 in new personal income totaling \$35.11 million

\$3.70 in new value-added/GSP totaling \$58.61 million

\$6.37 in new economic output totaling \$101.06 million

Over 5 years, every dollar of authorized program tax credits returns

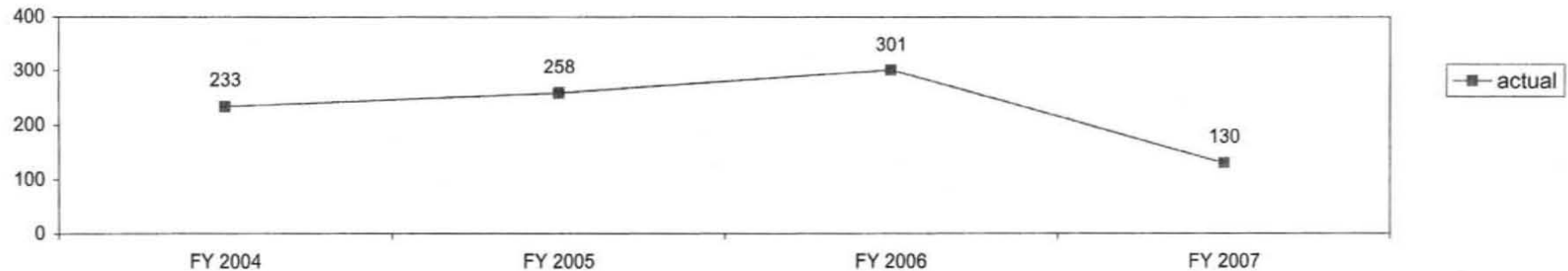
\$13.09 in new personal income totaling \$85.44million

\$18.39 in new value-added/GSP totaling \$91.96 million

\$30.93 in new economic output totaling \$154.66 million

PERFORMANCE MEASURE(S)

Housing Units



Comments on Performance Measure:

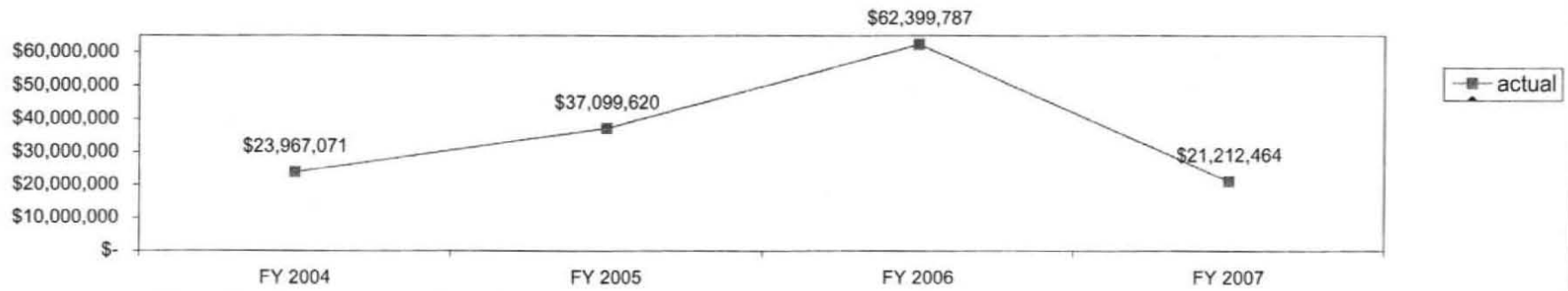
TAX CREDIT ANALYSIS

Program Name: Neighborhood Preservation Tax Credit

Department: Economic Development

Date: November 2007

Amount Leveraged



Comments on Performance Measure:



NEW MARKETS TAX CREDIT PROGRAM

MISSOURI DEPARTMENT OF ECONOMIC DEVELOPMENT

PURPOSE

Provide supplemental funding for investment entities that have been approved for the Federal New Markets Tax Credit (NMTC) program in order to direct more funding to Missouri projects. The NMTC program provides state and federal tax credits to investors that make investments into approved funds, which will make investments in eligible projects located in low income census tracts in Missouri.

This program does not provide tax credits directly to businesses. Eligible businesses interested in obtaining funding should contact the approved "Community Development Entities" that are listed on the website below.

AUTHORIZATION

Section 135.680, RSMo, enacted in 2007.

ELIGIBLE AREAS

Low-income communities (LIC) are census tracts that have a poverty rate of 20% or more, or the median income is below 80% of the greater than (a) statewide median income; or (b) metropolitan median income.

ELIGIBLE APPLICANTS

Community Development Entities (CDEs) which have been allocated federal New Markets Tax Credits for Missouri. The state New Markets Tax Credits are provided to investors which invest in the funds established by a CDE for projects in Missouri.

ELIGIBILITY CRITERIA

A CDE may make an investment (loan or equity) into a **Qualified Active Low-Income Community Business (QALICB)**, which is any corporation (including a nonprofit corporation) or partnership which meets the following criteria for any taxable year:

- At least 50 percent of total gross income of the QALICB is derived within any Low-Income Community.
- A substantial portion of the use of the tangible property of the QALICB (whether owned or leased) is within any Low-Income Community.
- A substantial portion of the services performed of the QALICB by its employees are performed in any Low-Income Community.
- Less than 5 percent of the average of the aggregate unadjusted bases of the property of the QALICB is

attributable to collectibles, other than collectibles that are held primarily for sale to customers in the ordinary course of such business; and

- Less than 5 percent of the average of the aggregate unadjusted bases of the property of the QALICB is attributed to nonqualified financial property.

Any business that derives or projects to derive 15 percent or more of its annual revenue from the rental or sale of real estate shall not be considered to be a QALICB.

PROGRAM BENEFITS/ELIGIBLE USES

The tax credit amount shall be equal to the applicable percentage of the adjusted purchase price paid to the issuer of such qualified investment:

- 0% for each of the first 2 credit allowance dates;
- 7% for the third credit allowance date;
- 8% for the next four credit allowance dates

FUNDING LIMITS

The amount of tax credit claimed shall not exceed the amount of the taxpayer's state tax liability for the tax year for which the tax credit is claimed.

The maximum state tax credit in any fiscal year for all CDEs is \$15 million. There is no limit per CDE, and state tax credits are allocated on a first come basis.

APPLICATION/APPROVAL PROCEDURE

CDEs that have been certified by the Federal NMTC program are eligible to apply for the state NMTC program. The state application will be a two part process:

- The CDE submits an application to the Department of Economic Development (which is available on the website below).
- Once eligibility is determined, DED will send a preliminary approval letter to the applicant CDE, which will include an allocated amount of NMTC contingent upon qualified investments being made within 30 days of the date of the preliminary approval letter.
- If an approved CDE is not successful in gaining proof of the investment, the CDE will be required to reapply and will be required to obtain a commitment that secures the investment in the amount of the application to accompany the new submittal.

Revised November 2007

REPORTING REQUIREMENTS

Twelve months from the date of the official allocation letter, the Applicant CDE must notify DED where the QEI was invested, provide adjusted purchase price, Senator and Representative information on where investment was made, and how much of a tax credit will be available for the taxpayer.

SPECIAL PROGRAM REQUIREMENTS

- The tax credit is not refundable or transferable. Any amount of credit that cannot be used in the taxable year may be carried forward to any of the taxpayer's five subsequent taxable years.
- Tax credits earned by a partnership, limited liability company, S-corporation, or other "pass through" entity may be allocated to the partners, members or shareholders of such entity for their direct use in accordance with the provisions of any agreement among such partners, members, or shareholders.
- Qualified investments shall not be made following fiscal year 2010, unless the program is reauthorized by the general assembly.

CONTACT

Missouri Department of Economic Development

Division of Business and Community Services • Development Finance Team

301 West High Street • Room 770 • P.O. Box 118

Jefferson City • MO • 65102

Phone: 573-522-8004 • Fax: 573-522-9462

E-mail: dedfin@ded.mo.gov • Web: www.MissouriDevelopment.org



CONTACTS FOR APPROVED COMMUNITY DEVELOPMENT ENTITIES

See <http://go.missouridevelopment.org/mnmtc>

TAX CREDIT ANALYSIS

Program Name: New Markets Tax Credit	Department: Economic Development	Date: November 2007
Program Category: Redevelopment	Type: Tax Credit <input checked="" type="checkbox"/> Other (specify) _____	
Statutory Authority: 135.680, RSMo	Applicable Taxes: Income tax, bank tax, insurance premium tax, other financial institutions tax, Express companies tax	

Program Description and Eligibility Requirements: Taxpayers making a qualified equity investment into a qualified community development entity (CDE) earn a vested right to tax credits. The tax credit amount is equal to the applicable percentage of the adjusted purchase price paid to the CDE. The credit percentages are zero percent for the first two years, seven percent for the third year and eight percent for the next four years. The CDE will invest the contributions into qualified active low-income community businesses.

Explanation of How Award is Computed: Entitlement ☒ Discretionary _____
 Awarded on a first come, first serve basis.

Program Cap: Cumulative \$ _____ (remainder of cumulative cap) \$ _____ Annual \$ \$15M None _____
Explanation of cap: DED shall limit the monetary amount of qualified equity investments to a level necessary to limit tax credit utilization to no more than \$15M of tax credits in any fiscal year.

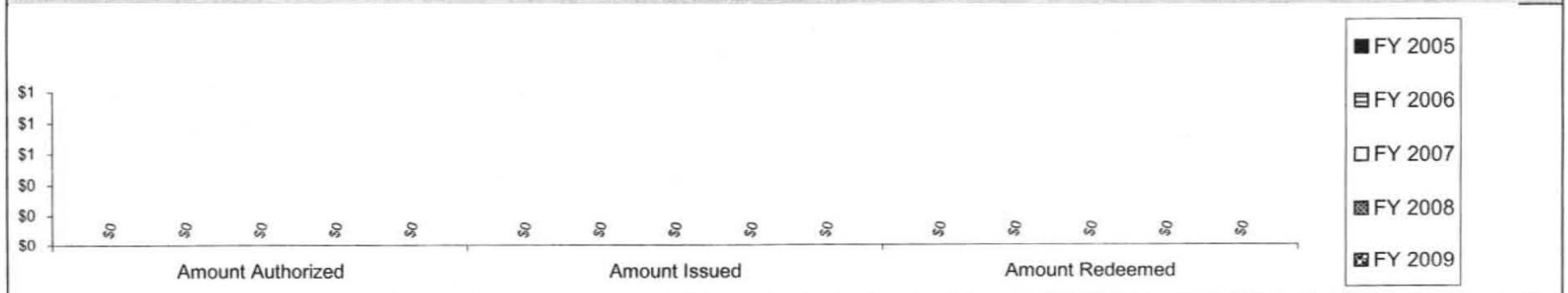
Explanation of Expiration of Authority: Following FY2010, no equity investments shall be made unless program shall be reauthorized. This program automatically sunsets 6 years after the effective date of 9/4/2007 unless reauthorized.

Specific Provisions: (if applicable)
 Carry forward 5 years Carry Back _____ years Refundable _____ Sellable/Assignable _____ Additional Federal Deductions Available _____

Comments on Specific Provisions:

	FY 2005 ACTUAL	FY 2006 ACTUAL	FY 2007 ACTUAL	FY 2008 (current year)	FY 2009 (budget year)
Certificates Issued (#)	0	0	0	0	0
Projects (#)	0	0	0	0	0
Amount Authorized	\$0	\$0	\$0	\$0	\$0
Amount Issued	\$0	\$0	\$0	\$0	\$0
Amount Redeemed	\$0	\$0	\$0	\$0	\$0
EST. Amount Outstanding	N/A	N/A	\$0	N/A	N/A

HISTORICAL AND PROJECTED INFORMATION



TAX CREDIT ANALYSIS

Program Name: New Markets Tax Credit		Department: Economic Development		Date: November 2007
<p>Comments on Historical and Projected Information: Allocations of tax credits to Community Development Entities will start in FY08, however, since the program will not issue tax credits until 2010, the credits will not show as authorized, issued or redeemed until that time.</p>				
BENEFIT: COST ANALYSIS (includes only state revenue impacts)				
	FY 2007 ACTUAL	Other Fiscal Period (indicated time period)	Derivation of Benefits:	
BENEFITS				
Direct Fiscal Benefits				
Indirect Fiscal Benefits				
Total				
COSTS				
Direct Fiscal Costs				
Indirect Fiscal Costs				
Total				
BENEFIT: COST	#DIV/0!	#DIV/0!		
Other Benefits:				
PERFORMANCE MEASURE(S)				

BUSINESS FACILITY TAX CREDIT PROGRAM

MISSOURI DEPARTMENT OF ECONOMIC DEVELOPMENT

NOTICE

Pursuant to SB 1155 (2004), the Business Facility Tax Credit Program is being phased out of existence.

- ✓ Only a facility that has commenced operations or put its development into use on or before December 31, 2004, can be eligible for the program.
- ✓ Facilities that do not commence operations until January 1, 2005, or later, will not be eligible to receive incentives under the program.

Remember that Form 135.258, the pre-application ("Letter of Intent") for the facility, must be postmarked no later than 15 days before commencement of operations. For a business commencing operations ON December 31, 2004, the form must be postmarked no later than December 16, 2004. Forms postmarked after that date will be ineligible for the program without regard to the date of commencement of operations.

- ✓ Facilities already in the program as of December 31, 2004, will continue to receive the state tax incentives under this program for up to ten years as provided in the law. These facilities are considered to be "grandfathered" into the program.

PURPOSE

Provide tax incentives to facilitate the expansion of new or existing businesses in Missouri.

AUTHORIZATION

Sections 135.100 to 135.150, 135.258, RSMo

HOW THE PROGRAM WORKS

State income tax credits are provided to the business based on the number of new jobs created and amount of new investment at the qualifying facility. The credits are provided each year for up to ten years after the project commences operations.

ELIGIBLE AREAS

Statewide: Higher credit amounts are given for businesses in "distressed communities." For a list of cities and census block groups that are "distressed communities," visit DED's web site at www.missouridevelopment.org.

ELIGIBLE APPLICANTS

Facility eligibility is determined by its primary Standard Industrial Classification (SIC) or North American Industrial Classification System (NAICS) code, and includes manufacturing, warehousing, wholesale distribution, mining, insurance carriers, research and development, recycling operations, computer-related services and certain office activities.

To receive credits in any of the ten years, the facility must create at least 2 new jobs (25 for office) and make \$100,000 in new investment (\$1,000,000 for "replacement facilities") in that year as compared to the base year (the year prior to the commencement of operations at the facility).

The investment credits are based on the original cost of machinery, equipment, furniture, fixtures, land and building, and/or eight times the annual rental rate paid for the same. Inventory is not eligible.

ELIGIBLE USE OF TAX CREDITS

This tax credit can be applied to:

- ✓ Ch. 143 – Income tax, excluding withholding tax
- ✓ Ch. 148 – Insurance Premium Tax
- ✓ Sec. 375.916 – Insurance Co. Retaliatory Tax

This credit has no special attributes. It must be applied to tax liability for the year it was earned.

APPLICATION PROCEDURE

The business must submit a form letter of intent (pre-application) to the Department of Economic Development (DED) at least 15 days prior to the commencement of facility operations, otherwise, the project is ineligible for the tax credits. DED must determine eligibility of the business within 15 days of receipt of the letter of intent form.

Failure to meet this requirement precludes participation in the program for the base year sought.

The business must file an application for tax credits for its first year of operations by the end of the tax year immediately following the tax year during which operations were commenced. Failure to timely file the application for credits for the first year of operations will result in a denial of the application and precludes participation in the program for the base year sought.

FUNDING LIMITS

New Companies

A new Missouri company can receive \$75 (or \$125 if in a distressed community) for each new job and for each \$100,000 of new capital investment at the project facility.

Existing Companies

An existing Missouri company can receive \$100 (or \$150 in a distressed community) for each new job and for each \$100,000 of new capital investment at the project facility.

CONTACT

MISSOURI

DEPARTMENT OF ECONOMIC DEVELOPMENT
Business and Community Services

Finance Management

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ADDITIONAL RESOURCES

Go to the department's home page at www.missouridevelopment.org to obtain guidelines and forms for this program as well as a wealth of information regarding Missouri's many other economic development programs and policies.

Be Phased Out

TAX CREDIT ANALYSIS

Program Name: New and Expanded Business Facility Credit	Department: Economic Development	Date: November 2007
Program Category: Business Recruitment	Type: Tax Credit <input checked="" type="checkbox"/> Other (specify) _____	
Statutory Authority: 135.100 to 135.150, and 135.258	Applicable Taxes: Income tax, insurance premium tax, insurance company retaliatory tax	

Program Description and Eligibility Requirements:

Tax credits given to taxpayers who establish new facilities or expand existing ones. At least two new jobs must be created or maintained and at least \$100,000 of new investment.

Explanation of How Award is Computed:

Entitlement ☒ Discretionary _____

The tax credit is equal to \$75 to \$150 per new job and per \$100,000 of new investment each year for 10 years.

Program Cap: Cumulative \$ _____ (remainder of cumulative cap) \$ _____ Annual \$ _____ None ☒

Explanation of cap:

Explanation of Expiration of Authority: No revenue-producing enterprise shall receive the incentives set forth in sections 135.100 to 135.150 for facilities commencing operations on or after January 1, 2005. SB 1155 (2004)

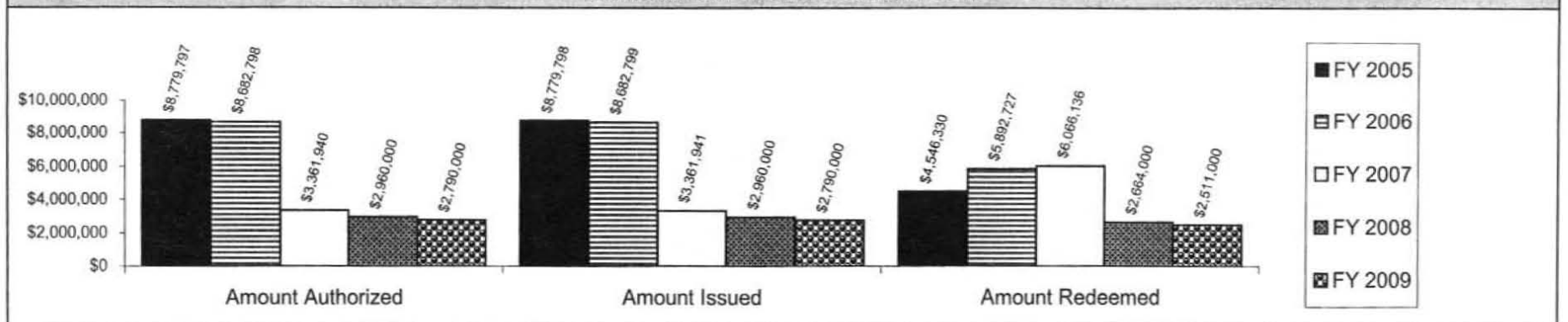
Specific Provisions: (if applicable)

Carry forward ☒ years Carry Back _____ years Refundable ☒ Sellable/Assignable ☒ Additional Federal Deductions Available _____

Comments on Specific Provisions: Carry forward, Refundable and Sellable/Assignable provisions are limited in application.

	FY 2005 ACTUAL	FY 2006 ACTUAL	FY 2007 ACTUAL	FY 2008 (current year)	FY 2009 (budget year)
Certificates Issued (#)	136	118	83	60	50
Projects (#)	136	118	83	60	50
Amount Authorized	\$8,779,797	\$8,682,798	\$3,361,940	\$2,960,000	\$2,790,000
Amount Issued	\$8,779,798	\$8,682,799	\$3,361,941	\$2,960,000	\$2,790,000
Amount Redeemed	\$4,546,330	\$5,892,727	\$6,066,136	\$2,664,000	\$2,511,000
EST. Amount Outstanding	N/A	N/A	\$888,169	N/A	N/A

HISTORICAL AND PROJECTED INFORMATION



TAX CREDIT ANALYSIS

Program Name: New and Expanded Business Facility Credit	Department: Economic Development	Date: November 2007
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Comments on Historical and Projected Information:

BENEFIT: COST ANALYSIS (includes only state revenue impacts)

	FY 2007 ACTUAL	Other Fiscal Period (10 years)	Derivation of Benefits:
BENEFITS			Investment: (a) \$255,718,281 in non-residential investment spending in 2007. Employment: (a) 1884 jobs in Misc. Mfg at average wage rates in 2008-2018. Other Assumptions: (a) n/a
Direct Fiscal Benefits	\$3,580,426	\$55,167,933	Incentives/Credits: (a) \$3,361,940 in authorized Business Facility Tax Credits in 2007.
Indirect Fiscal Benefits	\$2,676,561	\$41,240,994	Impacts occur in the Statewide Region. Assumptions provided by DED. Estimated using REMI-9-Regional Model (remi-fiscal-9-jul07).
Total	\$6,256,987	\$96,408,927	
COSTS			
Direct Fiscal Costs	\$3,361,940	\$3,361,940	
Indirect Fiscal Costs	\$0	\$0	
Total	\$3,361,940	\$3,361,940	
BENEFIT: COST	1.86	28.68	

Other Benefits:

In FY-2007, every dollar of authorized program tax credits returns

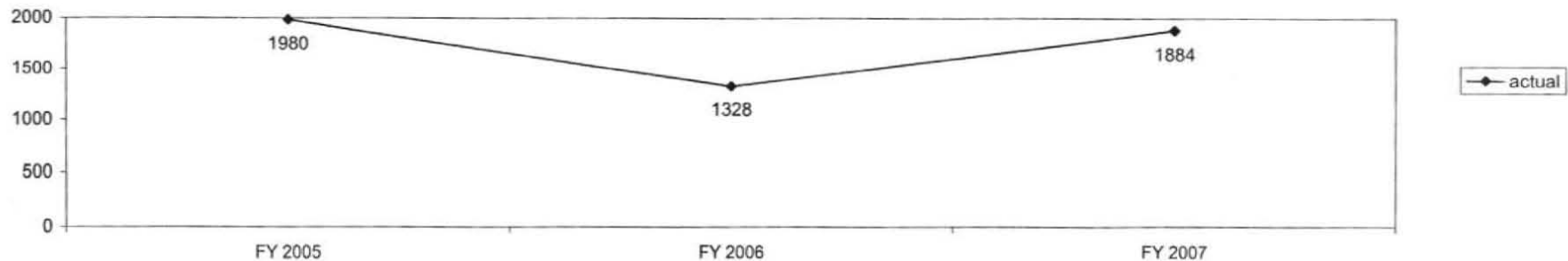
\$30.58 in new personal income totaling	\$102.80 million
\$46.72 in new value-added/GSP totaling	\$157.08 million
\$82.44 in new economic output totaling	\$277.16 million

Over 10 YEARS, every dollar of authorized program tax credits returns

\$184.19 in new personal income totaling	\$1,841.90 million
\$343.41 in value-added/GSP totaling	\$3,434.09 million
\$617.78 in new economic output totaling	\$6,177.83 million

PERFORMANCE MEASURE(S)

Permanent New Jobs Created



Comments on Performance Measure:

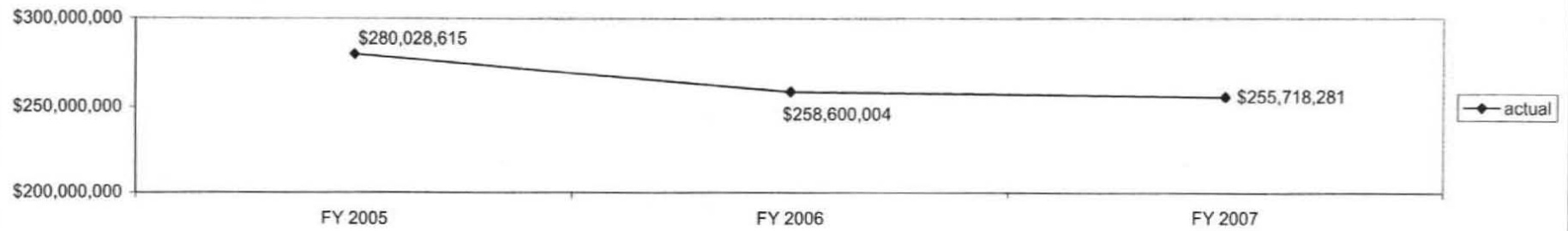
TAX CREDIT ANALYSIS

Program Name: New and Expanded Business Facility Credit

Department: Economic Development

Date: November 2007

New Investment



Comments on Performance Measure:

CAPCO PROGRAM

(Certified Capital Company)

MISSOURI DEPARTMENT OF ECONOMIC DEVELOPMENT

PURPOSE

Induce private investment into certified venture capital funds that invest in new or growing Missouri small businesses.

AUTHORIZATION

Sections 135.500 to 135.529, RSMo
Regulations: 4 CSR 80-7.010 to 7.040

HOW THE PROGRAM WORKS

Private venture capital firms apply to the department for certification as a CAPCO. CAPCOs are allocated state tax credits to be given to insurance companies that invest in the CAPCO funds. At this point, all credits allowed under the law have been authorized. The credits can only be applied toward premium tax liability.

CAPCOs are required to make equity investments in eligible Missouri businesses according to a timetable set by law.

ELIGIBLE AREAS

Eligible Missouri businesses can be located statewide for all funds except funds created through the "distressed community" allocation. These funds must be invested in businesses located in distressed communities. For a list of cities and census block groups that are "distressed communities," visit DED's web site at www.missouridevelopment.org.

ELIGIBLE CAPCO INVESTMENTS

A CAPCO may invest in a "qualified Missouri business," which must:

- ✓ be independently owned and operated;
- ✓ be headquartered in Missouri;
- ✓ employ less than 200 persons before the investment is made with at least 80% of them employed in Missouri;

- ✓ be a small business concern that meets the requirements of the United States Small Business Administration qualification size standards for its venture capital program as defined in Section 13 CFR 121.301(c) of the Small Business Investment Act of 1958, as amended;
- ✓ be in need of venture capital and unable to obtain conventional financing; and
- ✓ derive its revenue primarily from:
 - ✓ manufacturing, processing or assembling of products;
 - ✓ conducting research and development; or
 - ✓ providing services in interstate commerce, excluding retail, real estate, real estate development, insurance and professional services provided by accountants, lawyers or physicians (service businesses must demonstrate that more than 33% of its revenue would be from outside the state of Missouri).

CAPCO fund investments can be in the form of equity investments, unsecured loans or hybrid investments.

CAPCO funds invested in the business must be used for new capital improvements, research and development and certain working capital expenses. All such funds must be used in Missouri.

The maximum amount a CAPCO may invest in one Missouri business is 15% of the CAPCO's certified capital.

Funding decisions are made by each CAPCO based on its evaluation.

CONTACT

MISSOURI

DEPARTMENT OF ECONOMIC DEVELOPMENT

Business and Community Services

Finance Management

301 West High Street, Room 770

P.O. Box 118

Jefferson City, MO 65102

Phone: 573-751-4539 Fax: 573-522-4322

E-mail: dedfin@ded.mo.gov

ADDITIONAL RESOURCES

Go to the department's home page at www.missouridevelopment.org for a wealth of information regarding Missouri's many other economic development programs and policies.

AWARDED CAPCOS

DED does not have the authority to require a CAPCO to fund a project. Small businesses interested in receiving funding through this program may contact each CAPCO directly:

Advantage Capital Missouri Partners*
Pierre Laclede Center
7733 Forsyth Blvd.
St. Louis, MO 63105
(314) 725-0800

BOME Investors/Gateway Associates*
8000 Maryland Avenue, Suite 1190
St. Louis, MO 63105
(314) 721-5707

CAPCO Holdings, L.C.**
300 West 11th Street
Kansas City, MO 64105
(816) 391-2040

CFB Emerging Business Funds
11 South Meramec, Suite 1430
St. Louis, MO 63105
(314) 746-7427

Stifel CAPCO, Inc.*
500 North Broadway
Suite 1400
St. Louis, MO 63102
(314) 342-2118

* Has a distressed community fund

** Only a distressed community fund

TAX CREDIT ANALYSIS

Program Name: Certified Capital Companies (CAPCO)	Department: Economic Development	Date: November 2007
Program Category: Entrepreneurial	Type: Tax Credit <input checked="" type="checkbox"/> Other (specify) _____	
Statutory Authority: 135.500 to 135.529, RSMo	Applicable Taxes: Insurance Premium tax	

Program Description and Eligibility Requirements:
Insurance companies that invest in a certified CAPCO receive a tax credit.

Explanation of How Award is Computed: Entitlement ☒ Discretionary _____
The tax credit is equal to 100% of the investment.

Program Cap: Cumulative \$140 million over ten years (remainder of cumulative cap) \$_____ Annual \$_____ None _____
Explanation of cap: The credits can be claimed at up to 10% of the authorized amount per year over a 10-year period.

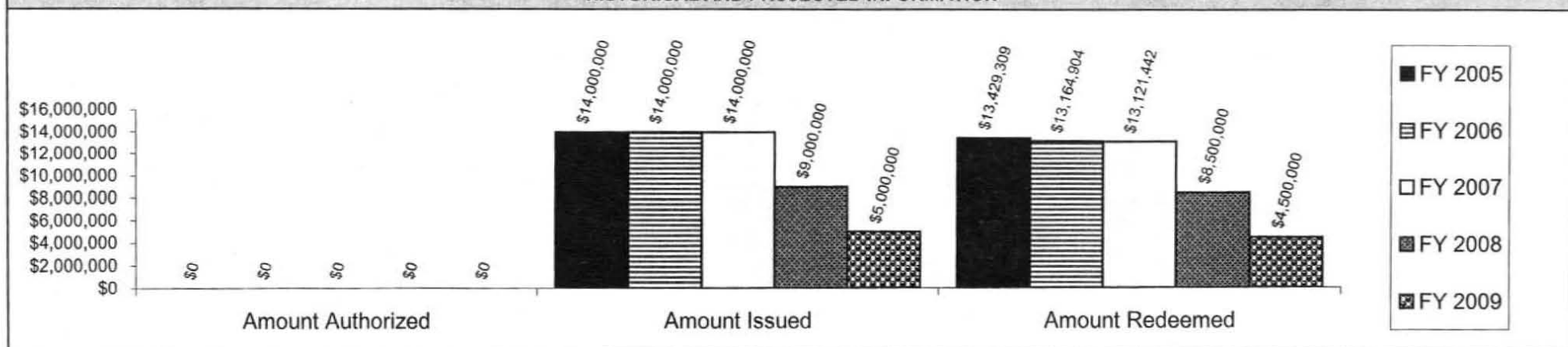
Explanation of Expiration of Authority: Cumulative cap exhausted.

Specific Provisions: (if applicable)
Carry forward Until Used years Carry Back _____ years Refundable _____ Sellable/Assignable ☒ Additional Federal Deductions Available _____

Comments on Specific Provisions:

	FY 2005 ACTUAL	FY 2006 ACTUAL	FY 2007 ACTUAL	FY 2008 (current year)	FY 2009 (budget year)
Certificates Issued (#)	N/A	N/A	N/A	N/A	N/A
Projects (#)	N/A	N/A	N/A	N/A	N/A
Amount Authorized	Cumulative Cap Exhausted	Cumulative Cap Exhausted	Cumulative Cap Exhausted	Cumulative Cap Exhausted	Cumulative Cap Exhausted
Amount Issued	\$14,000,000	\$14,000,000	\$14,000,000	\$9,000,000	\$5,000,000
Amount Redeemed	\$13,429,309	\$13,164,904	\$13,121,442	\$8,500,000	\$4,500,000
EST. Amount Outstanding	N/A	N/A	\$18,563,373	N/A	N/A

HISTORICAL AND PROJECTED INFORMATION



TAX CREDIT ANALYSIS

Program Name: Certified Capital Companies (CAPCO)	Department: Economic Development	Date: November 2007
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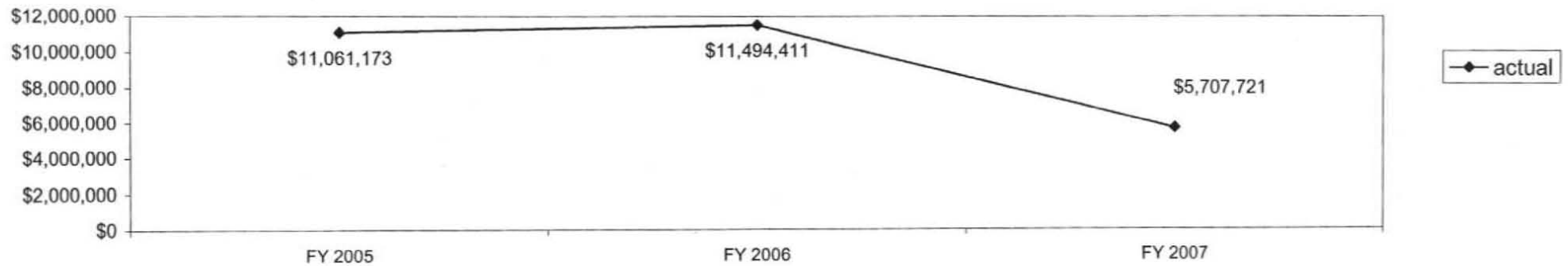
Comments on Historical and Projected Information:

BENEFIT: COST ANALYSIS (Includes only state revenue impacts)

	FY 2007 ACTUAL	Other Fiscal Period	Derivation of Benefits:
BENEFITS			No authorizations in 2007.
Direct Fiscal Benefits	\$0	\$0	
Indirect Fiscal Benefits	\$0	\$0	
Total	\$0	\$0	
COSTS			
Direct Fiscal Costs	\$0	\$0	
Indirect Fiscal Costs	\$0	\$0	
Total	\$0	\$0	
BENEFIT: COST	#DIV/0!	#DIV/0!	

PERFORMANCE MEASURE(S)

Investment



Comments on Performance Measure:

CAPITAL TAX CREDIT PROGRAM

Cumulative Cap Exhausted

MISSOURI DEPARTMENT OF ECONOMIC DEVELOPMENT

PURPOSE

Induce private investment into new or growing Missouri small businesses, which will result in the creation of new jobs and investment.

AUTHORIZATION

Sections 135.400 - 135.429 RSMo.

HOW THE PROGRAM WORKS

Department of Economic Development (DED) will issue a state tax credit to an investor in an approved Missouri small business (Capital Tax Credit project). The investor will receive either a 40% state tax credit on the amount of their investment. In the case of a qualified investment in a Missouri small business located in a "distressed community," the investor may receive a 60% state tax credit. Any investor who makes a direct qualified investment in a community bank or a community development corporation shall be entitled to a tax credit equal to 50% of the amount of the investment. The percentage of stock purchased by the investors is negotiated with the business.

ELIGIBLE AREAS

Statewide and eligible "distressed communities."

ELIGIBLE APPLICANTS

Any taxpayer investing in an approved Capital Tax Credit project. Investors that may not receive tax credits include "Principal Owners" (and spouse); relatives to the 3rd degree of consanguinity or affinity; or, a corporation, trust, partnership or other entity which is controlled directly or indirectly by a Principal Owner or relative.

The investment cannot have been made prior to the approval of the small business entering the program. The investment may be only in the

form of cash. The investment, which may be the purchase of stock or an unsecured loan, must remain in the company at least five years from the date of the investment.

ELIGIBLE USE OF TAX CREDITS

The tax credits may be used to offset Missouri tax liability incurred pursuant to chapter 143, RSMo, chapter 147, RSMo, chapter 148, RSMo, exclusive of tax as provided for in sections 143.191 to 143.265, RSMo. The tax credits will be issued to the investors after the investment has been made into the business and it has been certified by DED as a qualified investment.

The credits may be used by the investor over an 11-year period, or can be transferred or sold to a business or person that will have a state tax liability.

When the qualified small business is in a distressed community, the tax credit may also be used to satisfy the state tax liability of the owner of the certificate that was due during each of the previous three years in addition to the year in which the investment is made and any of the ten years thereafter.

APPLICATION PROCEDURE/APPROVAL METHOD

A taxpayer who invests in a qualified project will submit application Form 135-4, "Application for Requesting Certificate of Small Business Qualified Investment," to DED. There are no deadlines, however, applications will be processed on a first-come submission. DED will issue a tax credit certificate authorizing the applicant to claim the tax credit.

APPLICABLE PROJECTS

There is no deadline for the business to submit the application (Missouri Form T) to become a qualified project.

The business must derive their revenue primarily from manufacturing, processing or assembling of products; conducting research and development; or, service businesses which can demonstrate that 51%+ of revenue would be from outside the state of Missouri.

To be qualified for the program, the business must be headquartered in Missouri; be independently owned and operated; have 80% of its employees located in Missouri; and employ less than 100 persons. The annual revenue of the business in its last fiscal year must be less than \$2,000,000.

The Division of Securities (Missouri Office of the Secretary of State) must also approve the stock offering information submitted by the business.

FUNDING LIMITS

The minimum amount of tax credits allowed per *investor* is \$1,500 (\$3,750 investment). The maximum amount of tax credits allowed per *investor* is \$100,000 (\$250,000 investment). These limits shall not apply to investments made by a single investor in Missouri small business in a distressed community.

Aggregate investments eligible for tax credits in any one *business* can be no less than \$5,000 and no more than \$1,000,000.

The total amount of tax credits available for qualified investments in Missouri small businesses shall not exceed 13 million. At least 4 million shall be authorized for distressed communities.

SPECIAL PROGRAM REQUIREMENTS

The funds invested in the business related to the program may be used for new capital improvements; research and development; and

certain working capital expenses. All such funds must be used in Missouri.

CONTACT

Department of Economic Development

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Website: www.missouridevelopment.org

TAX CREDIT ANALYSIS

Program Name: Capital Tax Credit	Department: Economic Development	Date: November 2007
Program Category: Entrepreneurial	Type: Tax Credit <input checked="" type="checkbox"/> Other (specify) _____	
Statutory Authority: 135.400 to 135.429, RSMo	Applicable Taxes: Income tax; Corporate franchise tax; Bank tax; Insurance premium tax; Other financial institutions tax; Express companies tax; Insurance company retaliatory tax	

Program Description and Eligibility Requirements:
 Tax credit for investment in an approved Missouri small business and an equity position in the business. Companies must apply and be approved by DED prior to soliciting investments.

Explanation of How Award is Computed: Entitlement ☒ Discretionary _____
 Investments in companies located in a distressed community receive a 60% tax credit. All other investments receive a 40% tax credit.

Program Cap: Cumulative \$13 million (remainder of cumulative cap) \$ 0 Annual \$ _____ None _____
Explanation of cap: Cumulative cap exhausted.

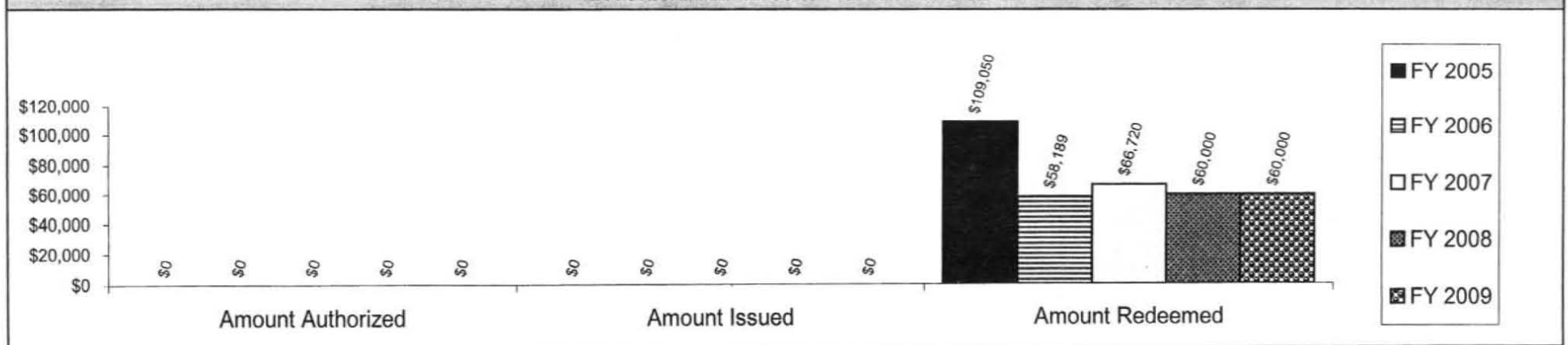
Explanation of Expiration of Authority: Cumulative Cap Exhausted

Specific Provisions: (if applicable)
 Carry forward 10 years Carry Back 3 years (distressed community portion only) Refundable _____ Sellable/Assignable ☒ Additional Federal Deductions Available _____

Comments on Specific Provisions:

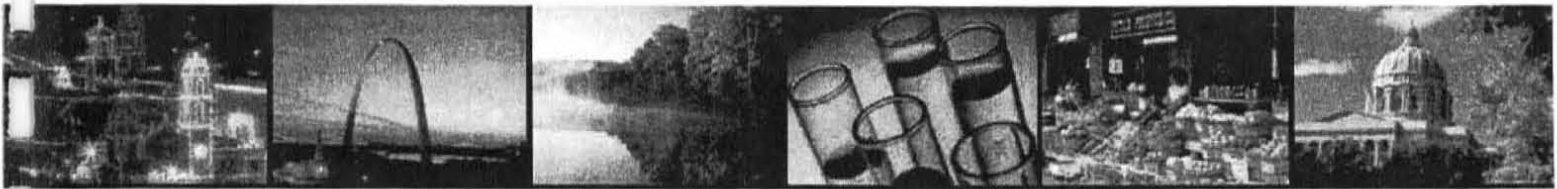
	FY 2005 ACTUAL	FY 2006 ACTUAL	FY 2007 ACTUAL	FY 2008 (current year)	FY 2009 (budget year)
Certificates Issued (#)	N/A	N/A	N/A	N/A	N/A
Projects (#)	N/A	N/A	N/A	N/A	N/A
Amount Authorized	Cumulative Cap Exhausted	Cumulative Cap Exhausted	Cumulative Cap Exhausted	Cumulative Cap Exhausted	Cumulative Cap Exhausted
Amount Issued	Cumulative Cap Exhausted	Cumulative Cap Exhausted	Cumulative Cap Exhausted	Cumulative Cap Exhausted	Cumulative Cap Exhausted
Amount Redeemed	\$109,050	\$58,189	\$66,720	\$60,000	\$60,000
EST. Amount Outstanding	N/A	N/A	\$844,566	N/A	N/A

HISTORICAL AND PROJECTED INFORMATION



TAX CREDIT ANALYSIS

Program Name: Capital Tax Credit		Department: Economic Development		Date: November 2007
Comments on Historical and Projected Information:				
BENEFIT: COST ANALYSIS (includes only state revenue impacts)				
	FY 2007 ACTUAL	Other Fiscal Period (indicated time period)	Derivation of Benefits:	
BENEFITS			No economic activity.	
Direct Fiscal Benefits				
Indirect Fiscal Benefits				
Total				
COSTS				
Direct Fiscal Costs	\$0			
Indirect Fiscal Costs				
Total	\$0			
BENEFIT: COST	#DIV/0!	#DIV/0!		
Other Benefits:				



DEVELOPMENT TAX CREDIT PROGRAM

MISSOURI DEPARTMENT OF ECONOMIC DEVELOPMENT

PURPOSE

To facilitate a business project in order to create new jobs.

The Development Tax Credit Program (DTC) offers state tax credits to taxpayers making contributions to a not-for-profit corporation (NFP) for projects approved by the Department of Economic Development (DED). The credits are for 50% of the contribution of cash or the value of certain types of property.

AUTHORIZATION

Sections 32.100 to 32.125, RSMo

Regulations: 4 CSR 85-2.015, 2.030 to 2.040

ELIGIBLE AREAS

Statewide, but the project must be located or qualify as a "blighted" or "conservation" area as defined in Tax Increment Financing (§99.805, RSMo), an enterprise zone (Ch. 135.200 et seq., RSMo), or an urban redevelopment area (Ch. 353, RSMo).

ELIGIBLE APPLICANTS

Generally, manufacturing, processing or assembly projects that propose wages above the average for the area and provide health benefits are prioritized.

Other types of projects may be considered for approval if tax credits remain near the end of the state fiscal year.

There must be a positive economic benefit to the state. This calculation includes other state incentives provided for the project, and new public costs necessary to support the project.

PROGRAM BENEFITS/ELIGIBLE USES

This tax credit can be applied to:

- Ch. 143 – Income tax, excluding withholding tax
- Ch. 147 – Corporate franchise tax
- Ch. 148 –
 - Bank Tax
 - Insurance Premium Tax
 - Other Financial Institution Tax
- Ch. 153 – Express Companies Tax

The DTC program may be used for the acquisition of land or buildings through the purchase from cash contributions or donation of real estate. The acquisition of new or used machinery and equipment is also eligible if it is to be placed in an existing building.

This credit's special attributes:

- Carry forward 5 years
- Sellable or transferable

FUNDING LIMITS

The amount of tax credits available for a single project:

- Is limited to the lesser of \$500,000, or \$10,000 per full-time, permanent job created by the business within two years of execution of the lease; and
- Must be the least amount necessary to cause the project to occur.

Credits authorized under this program are limited to \$4,000,000 per fiscal year.

APPLICATION/APPROVAL PROCEDURE

- Applications will be accepted by DED at any time of the year and will be approved on an individual, case-by-case basis, based on compliance with all program criteria, the need for this program to make a project feasible, a positive economic impact on the state and the availability of tax credits.
- The company cannot make a public announcement of the project prior to DED's contingent approval of an application.
- The not-for-profit (NFP) submits application documents to DED. If DED approves the request, a letter will be sent to the sponsor and company.

A DTC Agreement is executed between DED, the company and the not-for-profit. A lease agreement is executed between the company and the NFP. After the contribution is made, DED will issue tax credit certificates to the contributor.

REPORTING REQUIREMENTS

For three years following the year of the first issuance of tax credits, a Tax Credit Accountability Act Reporting form is sent out by the DED. It must be filled out and received back by June 30 to avoid penalties.

Revised November 2007

SPECIAL PROGRAM REQUIREMENTS

- The NFP must retain ownership of all properties acquired by the contribution for a minimum of five years. DED may allow a longer lease period depending on the needs of the project.
- The eventual disposition of properties acquired by the contribution will be no less than 75% of the fair market value of the facility, excluding the value of leasehold improvements.
- The amount of the lease payments will be determined by DED based on the following:
 - costs of the non-profit to operate and maintain the subject assets (if any); and
 - the amount of tax credits issued. In most cases, the NFP will provide DED the lease payments received in an amount to repay the tax credits plus interest.
- Only not-for-profit organizations authorized to operate in Missouri and headquartered in the geographic area of the proposed project are eligible recipients of DTC approved contributions. The business that will lease property from the NFP cannot have significant representation on the NFP's board.
- Ineligible NFP's include: churches and their denominational headquarters, units of government and any affiliated organization under their direct supervision, partisan organizations and public or tuition-based private schools.

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MISSOURI
DEPARTMENT OF ECONOMIC DEVELOPMENT

TAX CREDIT ANALYSIS

Program Name: Development	Department: Economic Development	Date: November, 2007
Program Category: Business Recruitment	Type: Tax Credit <u>X</u> Other (specify) _____	
Statutory Authority: 32.100 to 32.125, RSMo	Applicable Taxes: Income tax, Corporate franchise tax, Bank tax, Insurance premium tax, Other financial Institutions tax, Express company tax	

Program Description and Eligibility Requirements:

Donations must be made to a non-profit corporation; specified number of jobs must be created within 2 years and maintained for 5 years; application must have the local agency's endorsement; project must be located in a distressed or blighted area; and, the benefiting business must be a for-profit business.

Explanation of How Award is Computed:

Entitlement _____ Discretionary X _____

The tax credit is equal to 50% of a contribution made to a non-profit corporation. The non-profit uses the contributed funds to purchase assets that would be leased to an approved business.

Program Cap: Cumulative \$ _____ (remainder of cumulative cap) \$ _____ Annual \$ 4 million _____ None _____

Explanation of cap: Credits may not exceed \$4 million for any one fiscal year, except that for fiscal years 2005, 2006 and 2007 credits shall not exceed \$6 million per fiscal year. SB 1155 (2004)

Explanation of Expiration of Authority:

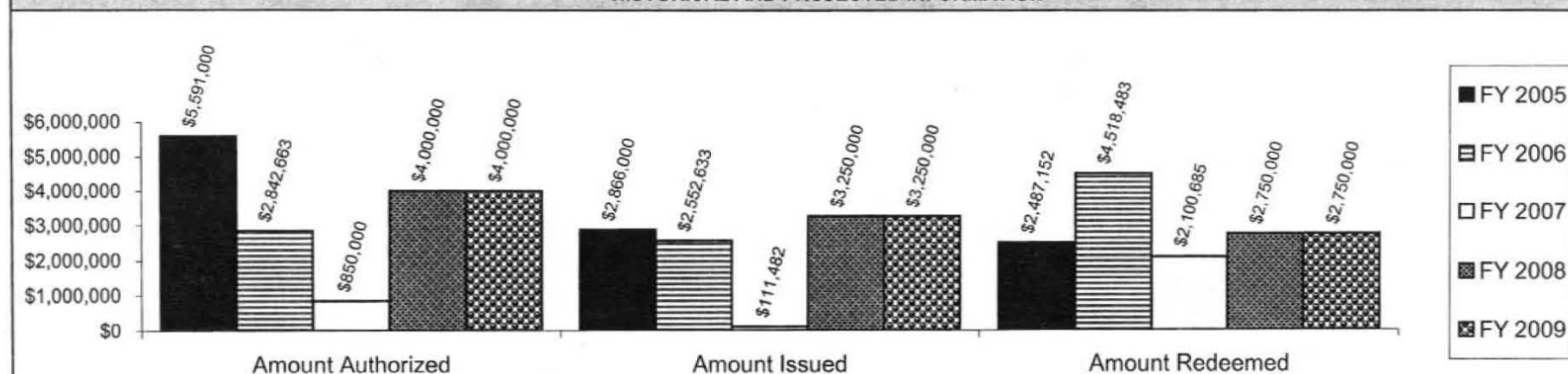
Specific Provisions: (if applicable)

Carry forward 5 years Carry Back _____ years Refundable _____ Sellable/Assignable X _____ Additional Federal Deductions Available _____

Comments on Specific Provisions:

	FY 2005 ACTUAL	FY 2006 ACTUAL	FY 2007 ACTUAL	FY 2008 (current year)	FY 2009 (budget year)
Certificates Issued (#)	6	5	2	4	4
Projects (#)	6	5	2	4	4
Amount Authorized	\$5,591,000	\$2,842,663	\$850,000	\$4,000,000	\$4,000,000
Amount Issued	\$2,866,000	\$2,552,633	\$111,482	\$3,250,000	\$3,250,000
Amount Redeemed	\$2,487,152	\$4,518,483	\$2,100,685	\$2,750,000	\$2,750,000
EST. Amount Outstanding	N/A	N/A	\$1,322,926	N/A	N/A

HISTORICAL AND PROJECTED INFORMATION



Comments on Historical and Projected Information:

TAX CREDIT ANALYSIS

Program Name: Development **Department:** Economic Development **Date:** November, 2007

BENEFIT: COST ANALYSIS (includes only state revenue impacts)

	FY 2007 ACTUAL	Other Fiscal Period (10 years)	Derivation of Benefits: Investment: \$1,700,000 in equipment spending in 2007. Employment: 390 jobs (0 displaced) in specified industries at specified average wages. Other assumptions: Real wage growth begins in 2008. Incentives/Credits: \$850,000 in authorized tax credits between 2007-2012. Impacts occur in the Statewide Region. Assumptions provided by DED. Estimated using REMI-9-Regional Model (remi-fiscal-9-jul07).
BENEFITS			
Direct Fiscal Benefits	\$16,387	\$3,921,174	
Indirect Fiscal Benefits	\$14,267	\$3,413,881	
Total	\$30,654	\$7,335,055	
COSTS			
Direct Fiscal Costs	\$340,000	\$828,337	
Indirect Fiscal Costs	\$0	\$0	
Total	\$340,000	\$828,337	
BENEFIT: COST	0.09	8.86	

Other Benefits:

In FY-2007, every dollar of authorized program tax credits returns

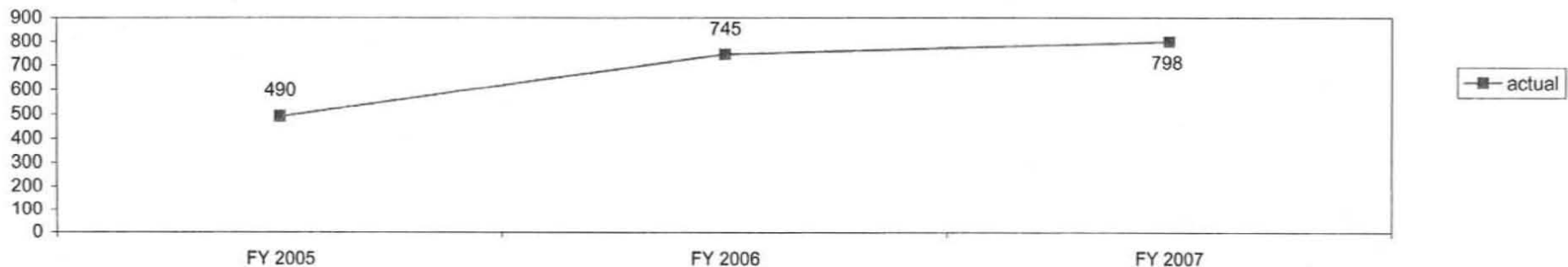
\$0.63 in new personal income totaling	\$0.21 million
\$1.22 in new value-added/GSP totaling	\$0.41 million
\$2.44 in new economic output totaling	\$0.83 million

Over 10 YEARS, every dollar of authorized program tax credits returns

\$15.78 in new personal income totaling	\$157.85 million
\$21.54 in new value-added/GSP totaling	\$215.36 million
\$31.65 in new economic output totaling	\$316.53 million

PERFORMANCE MEASURE(S)

Permanent New Jobs Created



Comments on Performance Measure:

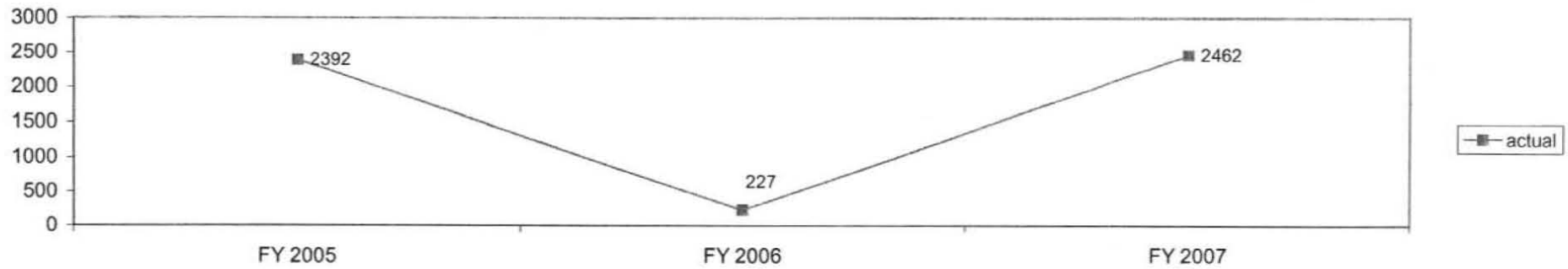
TAX CREDIT ANALYSIS

Program Name: Development

Department: Economic Development

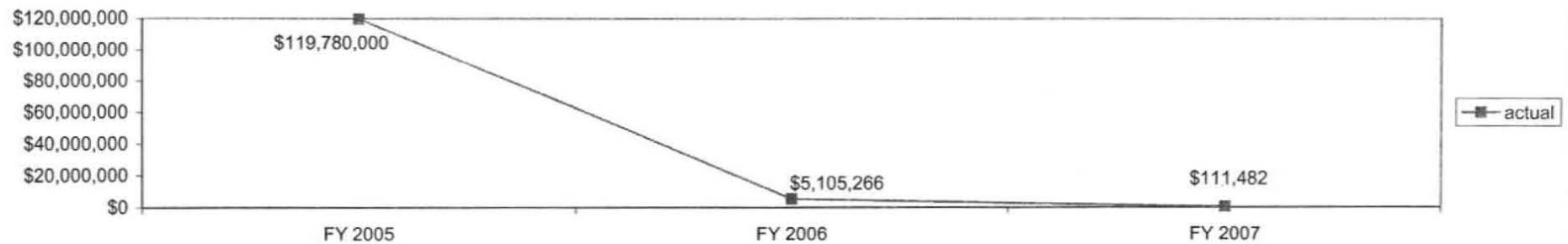
Date: November, 2007

Permanent Jobs Retained

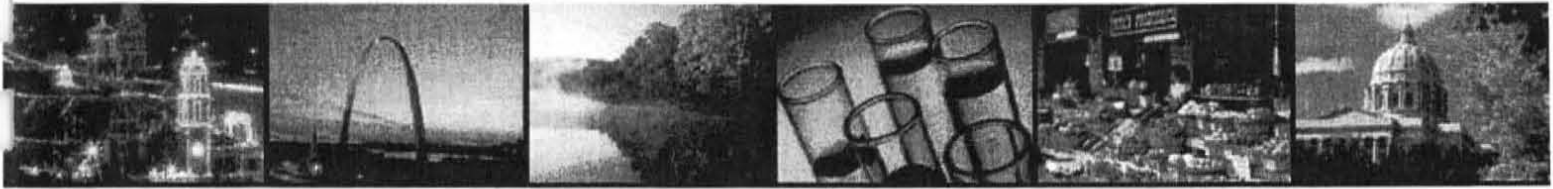


Comments on Performance Measure:

Investment



Comments on Performance Measure:



DRY FIRE HYDRANT TAX CREDIT PROGRAM

MISSOURI DEPARTMENT OF ECONOMIC DEVELOPMENT

PURPOSE

Provides tax credits for the installation of a dry fire hydrant system to provide fire protection and potential economic improvement for rural development of the state.

AUTHORIZATION

Section 320.093, RSMo

ELIGIBLE AREAS

Statewide.

ELIGIBLE APPLICANTS

Missouri individuals, firms, and corporations.

ELIGIBILITY CRITERIA

The standards to be met by the dry fire hydrant are listed in the Natural Resource Conservation Service Dry Fire Hydrant Standards. In addition, to be eligible for credits:

- Each body of water or water storage structure, shall allow for the provision of two hundred fifty gallons per minute (250 gpm) of water for a continuous two-hour period during a fifty-year drought or freeze at a vertical lift of eighteen feet.
- Each dry hydrant shall be located within twenty-five feet of an all weather roadway (not dirt) and accessible to fire protection equipment.
- Dry hydrants must be located a reasonable distance from other dry or pressurized hydrants.
- The site shall provide measurable economic improvement potential for the rural area.

PROGRAM BENEFITS/ELIGIBLE USES

Tax credits shall be equal to fifty percent (50%) of the costs in actual expenditures for any new water storage construction, equipment, development and installation of the dry hydrant, including pipes, valves, hydrants and labor for each such installation of a dry hydrant or new water storage facility.

In-kind contributions are allowed; however, in-kind labor is not an allowable expense. In-kind contributions shall not exceed twenty-five percent (25%) of the total amount of contribution for which the credit is claimed.

Donation of land is a non-eligible expense.

FUNDING LIMITS

- The amount of tax credits that can be claimed cannot exceed \$5,000 per project.
- The total amount of credits available per fiscal year is \$500,000.

APPLICATION/APPROVAL PROCEDURE

A pre-application form is to be submitted to the State Fire Marshal's office notifying the State of the issuance of a permit for construction of the dry fire hydrant system. The State Fire Marshal's office will then notify the Department of Economic Development (DED), who will then mail to the applicant a tax credit claim form to be completed by the applicant.

The final authorization form is to be completed by the applicant after the installation and inspection of the dry fire hydrant system and submitted to DED along with expenditure verifications. DED will issue tax credits based upon availability of the credits at the time of receipt.

REPORTING REQUIREMENTS

The "Tax Credit Accountability Act" reporting form must be submitted to DED by June 30 each year for three years following the year of the first issuance of tax credits.

SPECIAL PROGRAM REQUIREMENTS

- A permit shall be issued and the State Fire Marshal (or designee) shall conduct final inspection for construction and installation of any dry fire hydrant site prior to approval of credits.
- Any dry fire hydrants installed prior to August 28, 2007 shall not be eligible to receive credits for the installation.
- Tax credits cannot be refunded.
- Tax credits can be carried forward up to seven years.
- Tax credits are transferable upon approval by the Missouri Department of Economic Development and Missouri Department of Revenue and the issuance of appropriate forms.
- No new credits will be issued under this program after August 28, 2010.

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MISSOURI
DEPARTMENT OF ECONOMIC DEVELOPMENT

Revised November 2007

TAX CREDIT ANALYSIS

Program Name: Dry Fire Hydrant	Department: Economic Development	Date: November, 2007
Program Category: Community Development	Type: Tax Credit <input checked="" type="checkbox"/> Other (specify) _____	
Statutory Authority: 320.093, RSMo	Applicable Taxes: Income Tax	

Program Description and Eligibility Requirements:

Dry Fire Hydrant Program is a tax credit program designed for any person, firm or corporation who purchases a dry fire hydrant, as defined in RSMo 320.273, or provides an acceptable means of water storage for such dry fire hydrant including a pond, tank or other storage facility with the primary purpose of fire protection within the State of Missouri.

Explanation of How Award is Computed:

Entitlement ☒ Discretionary _____

The tax credit, not to exceed \$5,000, would be equal to 50% of the cost in actual expenditure for any new water storage construction, equipment, development and installation of the dry fire hydrant. The amount of the tax credit claimed for in-kind contributions shall not exceed 25% of the total amount of the contribution for which the tax credit is claimed.

Program Cap: Cumulative \$ _____ (remainder of cumulative cap) \$ _____ Annual \$500,000 _____ None _____

Explanation of cap:

Explanation of Expiration of Authority: 320.093 -- Sunset August 28, 2003, reauthorized beginning August 28, 2007

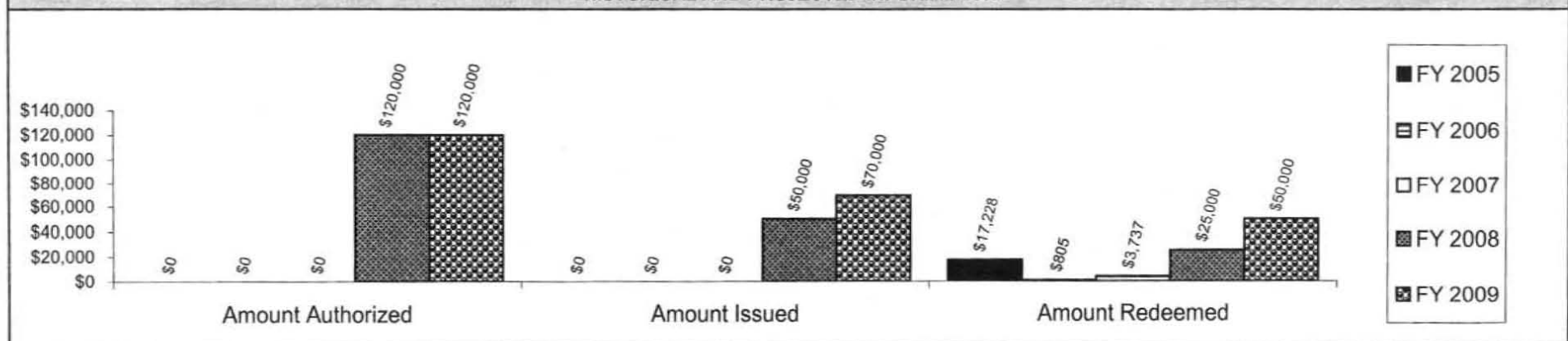
Specific Provisions: (if applicable)

Carry forward 7 years Carry Back _____ years Refundable _____ Sellable/Assignable ☒ Additional Federal Deductions Available _____

Comments on Specific Provisions:

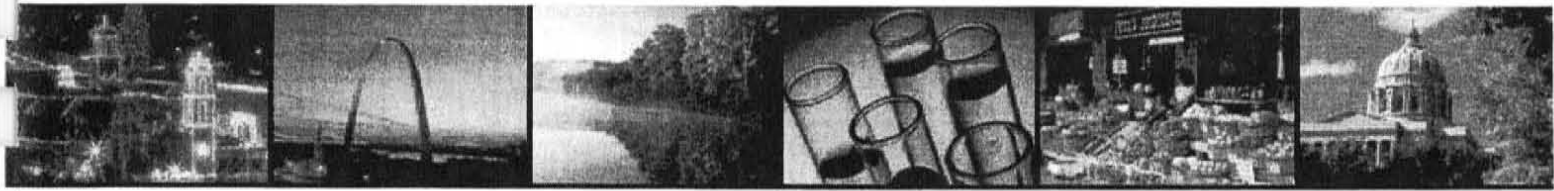
	FY 2005 ACTUAL	FY 2006 ACTUAL	FY 2007 ACTUAL	FY 2008 (current year)	FY 2009 (budget year)
Certificates Issued (#)	0	0	0	24	24
Projects (#)	0	0	0	24	24
Amount Authorized	\$0	\$0	\$0	\$120,000	\$120,000
Amount Issued	\$0	\$0	\$0	\$50,000	\$70,000
Amount Redeemed	\$17,228	\$805	\$3,737	\$25,000	\$50,000
EST. Amount Outstanding	N/A	N/A	\$26,020	N/A	N/A

HISTORICAL AND PROJECTED INFORMATION



TAX CREDIT ANALYSIS

Program Name: Dry Fire Hydrant		Department: Economic Development		Date: November, 2007
Comments on Historical and Projected Information:				
BENEFIT: COST ANALYSIS (includes only state revenue impacts)				
	FY 2007 ACTUAL	Other Fiscal Period (Indicated time period)	Derivation of Benefits: No authorizations in 2007.	
BENEFITS				
Direct Fiscal Benefits				
Indirect Fiscal Benefits				
Total				
COSTS				
Direct Fiscal Costs	\$0			
Indirect Fiscal Costs				
Total	\$0			
BENEFIT: COST	#DIV/0!	#DIV/0!		
Other Benefits:				



Provide tax credits to new or expanding businesses in a Missouri Enhanced Enterprise Zone.

Sections 135.950 to 135.973, RSMo

Enhanced Enterprise Zones are specified geographic areas designated by local governments and certified by the Department of Economic Development (DED). Zone designation is based on certain demographic criteria, the potential to create sustainable jobs in a targeted industry and a demonstrated impact on local industry cluster development.

An eligible business must be located in a Missouri Enhanced Enterprise Zone (EEZ). Individual business eligibility will be determined by the zone, based on creation of sustainable jobs in a targeted industry or demonstrated impact on local industry cluster development. Service industries can be eligible if a majority of their annual revenues will be derived from services provided out of the state. Headquarters or administrative offices of an otherwise excluded business may qualify if the offices serve a multi-state territory. The company cannot have been announced or construction started prior to the approval process. See application for complete information.

Ineligible Applicants:

Gambling establishments (NAICS group 7132),
Retail trade (NAICS sectors 44 & 45),
Educational services (NAICS sector 61),
Religious organizations (NAICS group 8131),
Public administrators (NAICS sector 92) and
Food and drinking places (NAICS subsector 722) are
prohibited by statute from receiving the state tax credits.

The Enhanced Enterprise Zone program is a discretionary program offering state tax credits, accompanied by local real property tax abatement, to Enhanced Business Enterprises. Tax credits may be provided each year for five tax years after the project commences operations.

To receive tax credits for any of the years, the facility must create and maintain the minimum:

- New or expanded business facility – 2 new employees and \$100,000 new investment;
- Replacement business facility – 2 new employees and \$1,000,000 new investment

Eligible investment expenditures include the original cost of machinery, equipment, furniture, fixtures, land and building, and/or eight times the annual rental rate paid for the same. Inventory is not eligible.

This tax credit can be applied to:

- Ch. 143 – Income tax, excluding withholding tax

Tax credits can only be applied to tax liability for the year in which they were earned. The tax credits are refundable or may be transferred, sold or assigned. The sale price cannot be less than 75% of the par value of such tax credits.

Tax credits will be an amount authorized by DED, based on the state economic benefit, supported by the number of new jobs, wages and new capital investment that the project will create.

Tax credits issued under this program are limited to \$14,000,000 annually, effective 12/03/07.

APPLICATION/APPROVAL PROCEDURE

DED must first offer program benefits to the business in the form of a formal proposal. The company must return the accepted proposal within 90 days of the proposal date.

The company must submit the Notice of Intent (NOI), (Application & guidelines, pages 7-9), and receive the Approval Letter before the start of construction, and/or purchase of machinery and equipment. NOIs will be accepted by DED at any time of the year and will be approved on an individual, case-by-case basis, based on compliance with all program criteria.

REPORTING REQUIREMENTS

Annual Application for Tax Credits -

The facility must file the Annual Application for Tax Credits and supporting documents each year for calculation of the facility's state tax benefits. See page 10 of the application for a list of requirements. The deadline for submitting the Annual Application for Tax Credits is during the tax period immediately after the tax period for which the credits are being requested.

SB 1099 Reporting -

The "Tax Credit Accountability Act" reporting form must be submitted to DED by June 30 each year for three years following the year of the first issuance of tax credits.

SPECIAL PROGRAM REQUIREMENTS

Applicants must be eligible for and receive at least ten years' local property tax abatement at 50% pursuant to the local enhanced enterprise zone plan.

Projects relocating employees from one Missouri location to another Missouri location must obtain the endorsement of the governing body of the community from which the jobs are being relocated and include this endorsement with the Notice of Intent.

A business cannot earn tax credits under this program if earning Enterprise Zone, Business Facility, Quality Jobs, Rebuilding Communities or Brownfield Jobs and Investment tax credits for the same project for the same tax period.

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MISSOURI
DEPARTMENT OF ECONOMIC DEVELOPMENT

TAX CREDIT ANALYSIS

Program Name: Enhanced Enterprise Zone	Department: Economic Development	Date: November, 2007			
Program Category: Business Recruitment	Type: Tax Credit <input checked="" type="checkbox"/> Other (specify) _____				
Statutory Authority: 135.950 to 135.973, RSMo	Applicable Taxes: Income tax				
Program Description and Eligibility Requirements: Tax credits to new or expanding businesses in enhanced enterprise zones. At least two new jobs must be created or maintained and at least \$100,000 of new investment within the zone. Business eligibility determined by the zone based on creation of sustainable jobs in a targeted industry or demonstrated impact on local industry cluster development. Businesses also qualify for local abatement.					
Explanation of How Award is Computed: Entitlement _____ Discretionary <input checked="" type="checkbox"/> Tax credits shall be the lesser of a formula amount based on number of jobs created, number of employees who are residents of the zone, number of employees paid wages above the county average wage and amount of new capital investment OR an amount authorized by DED that is limited to the projected state economic benefit. The credits may be provided each year for up to ten tax years after the project commences operations.					
Program Cap: Cumulative \$ _____ (remainder of cumulative cap) \$ _____ Annual \$14 million None _____ Explanation of Cap: Annual cap increased from \$4 million to \$7 million beginning January 1, 2007. Effective December 2007, the annual cap increased again from \$7 million to \$14 million.					
Explanation of Expiration of Authority:					
Specific Provisions: (if applicable) Carry forward _____ years Carry Back _____ years Refundable <input checked="" type="checkbox"/> Sellable/Assignable <input checked="" type="checkbox"/> Additional Federal Deductions Available _____					
Comments on Specific Provisions:					
	FY 2005 ACTUAL	FY 2006 ACTUAL	FY 2007 ACTUAL	FY 2008 (current year)	FY 2009 (budget year)
Certificates Issued (#)	0	0	4	50	100
Projects (#)	0	0	4	50	100
Amount Authorized	\$0	\$1,369,946	\$3,650,200	\$14,000,000	\$14,000,000
Amount Issued	\$0	\$0	\$115,319	\$3,200,000	\$12,320,000
Amount Redeemed	\$0	\$0	\$5,188	\$2,080,000	\$8,008,000
EST. Amount Outstanding	N/A	N/A	\$110,131	N/A	N/A

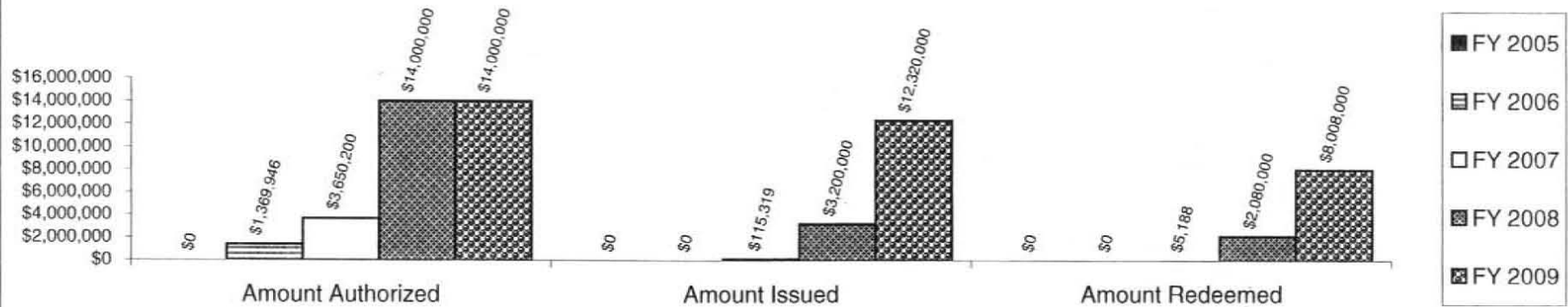
TAX CREDIT ANALYSIS

Program Name: Enhanced Enterprise Zone

Department: Economic Development

Date: November, 2007

HISTORICAL AND PROJECTED INFORMATION



Comments on Historical and Projected Information: \$17,940,142 authorized in FY2007 over 5 year period.

BENEFIT: COST ANALYSIS (includes only state revenue impacts)

	FY 2007 ACTUAL	Other Fiscal Period (10 years)	Derivation of Benefits: Investment: \$676,034,312 in non-residential investment in 2007. Employment: 1,939 jobs in misc. manufacturing between 2008-2016. Incentives/credits: \$17,940,142 in authorized tax credits between 2007-2015. Impacts occur in the Statewide Region. Assumptions provided by DED. Estimated using REMI-9-Regional Model (remi-fiscal-9-july07).
BENEFITS			
Direct Fiscal Benefits	\$9,437,628	\$61,679,919	
Indirect Fiscal Benefits	\$7,107,281	\$46,449,865	
Total	\$16,544,909	\$108,129,784	
COSTS			
Direct Fiscal Costs	\$3,335,574	\$16,831,094	
Indirect Fiscal Costs	\$0	\$0	
Total	\$3,335,574	\$16,831,094	
BENEFIT: COST	4.96	6.42	

Other Benefits:

In FY 2007, every dollar of authorized program tax credits returns

- \$81.48 in new personal income totaling \$271.79 million
- \$124.56 in new value-added/GSP totaling \$415.47 million.
- \$219.68 in new economic output totaling \$732.74 million

Over 10 years, every dollar of authorized program tax credits returns

- \$209.57 in new personal income totaling \$2,095.71 million
- \$382.17 in new value-added/GSP totaling \$3,821.70 million
- \$683.02 in new economic output totaling \$6,830.18 million

TAX CREDIT ANALYSIS

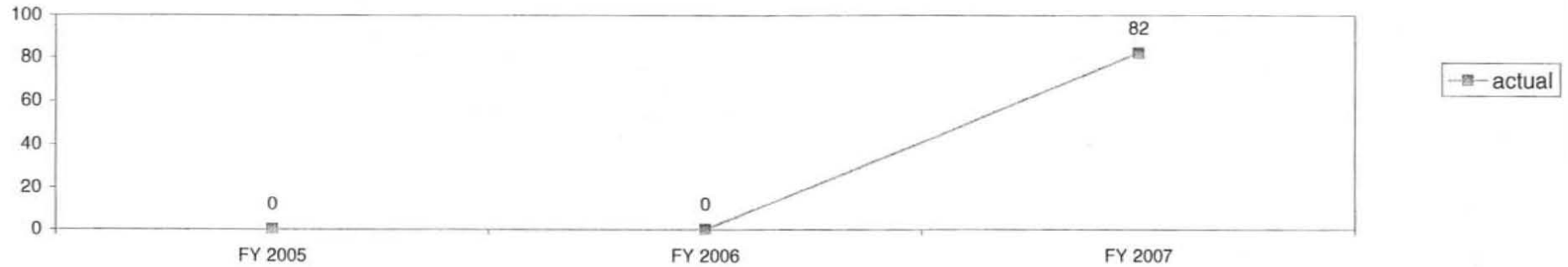
Program Name: Enhanced Enterprise Zone

Department: Economic Development

Date: November, 2007

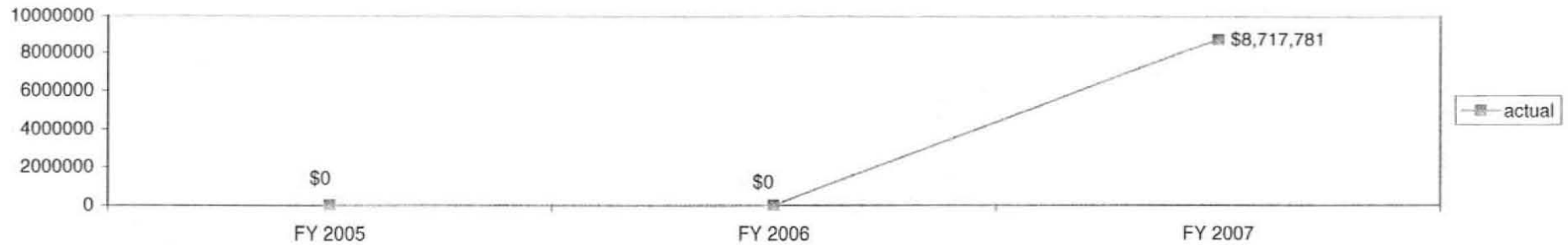
PERFORMANCE MEASURE(S)

Permanent New Jobs Created



Comments on Performance Measure:

Investment



Comments on Performance Measure:

ENTERPRISE ZONE TAX BENEFIT PROGRAM

MISSOURI DEPARTMENT OF ECONOMIC DEVELOPMENT

NOTICE

Pursuant to SB 1155 (2004), the Enterprise Zone tax benefit program is being phased out of existence.

- ✓ Only a facility that has commenced operations or put its development into use on or before December 31, 2004, can be eligible for the state tax incentives under the program.
- ✓ Facilities that do not commence operations until January 1, 2005, or later, will not be eligible to receive the state tax incentives under the program.

Remember that Form 135.258, the pre-application ("Letter of Intent") for the facility, must be postmarked no later than 15 days before commencement of operations. For a business commencing operations ON December 31, 2004, the form must be postmarked no later than December 16, 2004. Forms postmarked after that date will be ineligible for the state incentives portion of the program without regard to the date of commencement of operations.

- ✓ Facilities already in the program as of December 31, 2004, will continue to receive the state tax incentives under this program for up to ten years as provided in the law. These facilities are considered to be "grandfathered" into the program.

Enterprise zone real property local tax abatement is not affected by the phase-out of the state incentive program.

PURPOSE

Provide tax incentives to facilitate the expansion of new or existing businesses in one of Missouri's many enterprise zones.

AUTHORIZATION

Sections 135.200 to 135.270, RSMo

HOW THE PROGRAM WORKS

Local property tax abatement, a state income tax exemption and state income tax credits may be provided to a business based on various factors:

- ✓ the number of new jobs created
- ✓ the number of enterprise zone residents employed
- ✓ the number of "difficult to employ" people employed
- ✓ zone residents or difficult to employ employees receiving training
- ✓ the amount of new investment at the qualifying facility

The credits are provided each year for up to ten years after the project commences operations unless the life of the enterprise zone expires before that time.

ELIGIBLE AREAS

The eligible project must be located in one of Missouri's "enterprise zones." Enterprise zones are specified geographic areas as certified by the Department of Economic Development (DED) based on demographic eligibility and approval of a request by the local governments. The number of zones that may be certified is limited by law.

A list of certified enterprise zones can be obtained from the department or via its web site. To determine whether a particular location is in an enterprise zone, contact the local zone administrator for that zone.

ELIGIBLE APPLICANTS

Facility eligibility is determined by its primary Standard Industrial Classification (SIC) or North American Industrial Classification System (NAICS) code, and includes manufacturing, warehousing, wholesale distribution, mining, insurance carriers, research and development,

recycling operations, computer-related services and certain office activities.

To receive credits in any of the ten years, the facility must create at least 2 new jobs and make \$100,000 in new investment (\$1,000,000 for "replacement facilities") in that year as compared to the base year (the year prior to the commencement of operations at the facility).

The investment credits are based on the original cost of machinery, equipment, furniture, fixtures, land and building, and/or eight times the annual rental rate paid for the same. Inventory is not eligible.

ELIGIBLE USE OF TAX CREDITS

This tax credit can be applied to:

- ✓ Ch. 143 – Income tax, excluding withholding tax
- ✓ Ch. 148 – Insurance Premium Tax
- ✓ Sec. 375.916 – Insurance Co. Retaliatory Tax

This credit has no special attributes and can only be applied to tax liability for the year it was earned, unless it was issued for a new facility, for which there may be up to a \$75,000 refund of state income taxes in the first two years of eligibility.

APPLICATION PROCEDURE

The business must submit a form letter of intent (pre-application) to the Department of Economic Development (DED) at least 15 days prior to the commencement of facility operations; otherwise, the project is ineligible for the tax credits. DED must determine eligibility of the business within 15 days of receipt of the letter of intent form. Failure to meet this requirement precludes participation in the program for the base year sought.

The business must file an application for tax credits for its first year of operations by the end of the tax year immediately following the tax year during which operations were commenced. Failure to timely file the application for credits for the first year of operations will result in a denial of the application and precludes participation in the program for the base year sought.

FUNDING LIMITS

A company can receive:

- ✓ Up to a 50% state income tax exemption
- ✓ A \$400 credit for each new job
- ✓ A \$400 credit for each employee who is an enterprise zone resident
- ✓ A \$400 credit for each employee who was a "difficult to employ" person (receiving welfare or unemployed for a specified period of time)
- ✓ Up to \$400 credit per employee trained who was a zone resident or "difficult to employ"
- ✓ A credit equal to \$5,500 for the first \$100,000 of new capital investment at the facility and 2% of new capital investment amounts above \$100,000 at the facility
- ✓ 50% local property tax abatement on improvements

CONTACT

MISSOURI

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Business and Community Services

Finance Management

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P.O. Box 118

Jefferson City, MO 65102

Phone: 573-751-4539 Fax: 573-522-4322

E-mail: dedfin@ded.mo.gov

ADDITIONAL RESOURCES

Go to the department's home page at www.missouridevelopment.org to obtain guidelines and forms for this program as well as a wealth of information regarding Missouri's many other economic development programs and policies.

TAX CREDIT ANALYSIS

Program Name: Enterprise Zone Benefits	Department: Economic Development	Date: November, 2007
Program Category: Business Recruitment	Type: Tax Credit <input checked="" type="checkbox"/> Other (specify) _____	
Statutory Authority: 135.200 to 135.270, 135.283, RSMo	Applicable Taxes: Income tax, Insurance premium tax, Insurance company retaliatory tax	

Program Description and Eligibility Requirements:

Tax credits, exemptions and refunds given to taxpayers who establish new facilities or expand existing ones in state designated enterprise zones. At least two new jobs must be created or maintained and at least \$100,000 of new investment within the enterprise zone.

Explanation of How Award is Computed:

Entitlement ☒ Discretionary _____

Tax credits of up to \$1,200 per new job created, training credit up to \$400, investment credit of \$23,500 per \$1 million of new investment, income exemptions of 50%, refunds up to \$75,000, and a local real property tax abatement.

Program Cap: Cumulative \$ _____ (remainder of cumulative cap) \$ _____ Annual \$ _____ None ☒

Explanation of cap:

Explanation of Expiration of Authority: No revenue-producing enterprise shall receive the state tax exemption, state tax credits, or state tax refund as provided in sections 135.000 to 135.283 for facilities commencing operations on or after January 1, 2005. SB 1155 (2004) Local real property tax abatement is not affected.

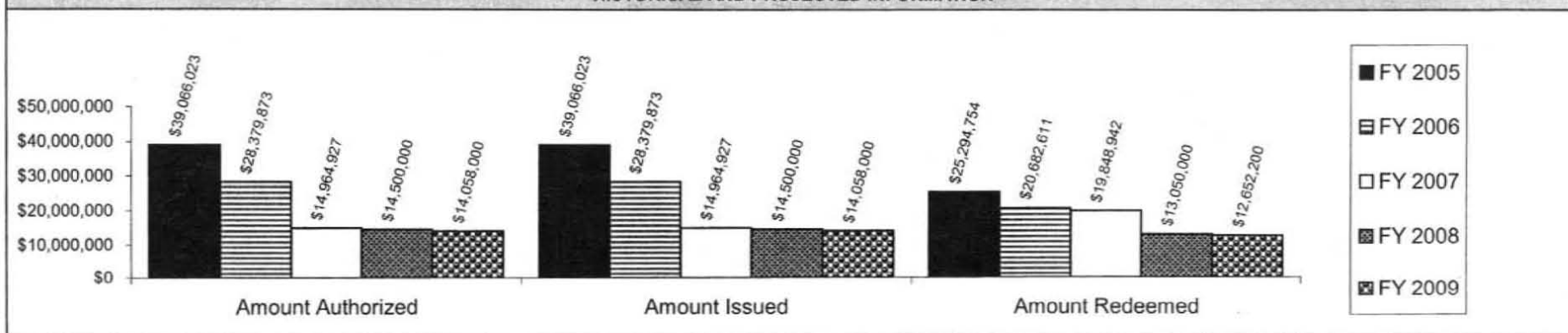
Specific Provisions: (if applicable)

Carry forward _____ years Carry Back _____ years Refundable ☒ Sellable/Assignable _____ Additional Federal Deductions Available _____

Comments on Specific Provisions: Refundable provision is limited in application.

	FY 2005 ACTUAL	FY 2006 ACTUAL	FY 2007 ACTUAL	FY 2008 (current year)	FY 2009 (budget year)
Certificates Issued (#)	167	134	73	67	60
Projects (#)	167	134	73	67	60
Amount Authorized	\$39,066,023	\$28,379,873	\$14,964,927	\$14,500,000	\$14,058,000
Amount Issued	\$39,066,023	\$28,379,873	\$14,964,927	\$14,500,000	\$14,058,000
Amount Redeemed	\$25,294,754	\$20,682,611	\$19,848,942	\$13,050,000	\$12,652,200
EST. Amount Outstanding	N/A	N/A	\$0	N/A	N/A

HISTORICAL AND PROJECTED INFORMATION



TAX CREDIT ANALYSIS

Program Name: Enterprise Zone Benefits		Department: Economic Development		Date: November, 2007												
Comments on Historical and Projected Information:																
BENEFIT: COST ANALYSIS (includes only state revenue impacts)																
	FY 2007 ACTUAL	Other Fiscal Period (10 years)	Derivation of Benefits: Investment: \$140,201,780 in non-residential investment spending between 2007-2016. Employment: 551 jobs in Misc. Manufacturing (0 displaced) at average wage rates between 2007-2018. Other Assumptions: (a) n/a Credits: \$14,964,927 in authorized Enterprise Zone Tax Credits in 2007. Impacts occur in the Statewide Region. Assumptions provided by DED. Estimated using REMI-9-Regional Model (remi-fiscal-9-jul07).													
BENEFITS																
Direct Fiscal Benefits	\$377,165	\$11,690,453														
Indirect Fiscal Benefits	\$279,630	\$8,667,292														
Total	\$656,795	\$20,357,745														
COSTS																
Direct Fiscal Costs	\$14,964,927	\$14,964,927														
Indirect Fiscal Costs	\$0	\$0														
Total	\$14,964,927	\$14,964,927														
BENEFIT: COST	0.04	1.36														
Other Benefits: In FY-2007, every dollar of authorized program tax credits returns <table style="width: 100%; margin-top: 5px;"> <tr> <td style="width: 40%;">\$0.69 in new personal income totaling</td> <td style="width: 60%; text-align: right;">\$10.35 million</td> </tr> <tr> <td>\$1.15 in new value-added/GSP totaling</td> <td style="text-align: right;">\$17.15 million</td> </tr> <tr> <td>\$2.08 in new economic output totaling</td> <td style="text-align: right;">\$31.09 million</td> </tr> </table> Over 10 YEARS, every dollar of authorized program tax credits returns <table style="width: 100%; margin-top: 5px;"> <tr> <td style="width: 40%;">\$36.52 in new personal income totaling</td> <td style="width: 60%; text-align: right;">\$365.17 million</td> </tr> <tr> <td>\$69.74 in new value-added/GSP totaling</td> <td style="text-align: right;">\$697.45 million</td> </tr> <tr> <td>\$125.01 in new economic output totaling</td> <td style="text-align: right;">\$1,250.05 million</td> </tr> </table>					\$0.69 in new personal income totaling	\$10.35 million	\$1.15 in new value-added/GSP totaling	\$17.15 million	\$2.08 in new economic output totaling	\$31.09 million	\$36.52 in new personal income totaling	\$365.17 million	\$69.74 in new value-added/GSP totaling	\$697.45 million	\$125.01 in new economic output totaling	\$1,250.05 million
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\$125.01 in new economic output totaling	\$1,250.05 million															
PERFORMANCE MEASURE(S)																
Permanent New Jobs Created																
<table border="1" style="margin-top: 10px; width: 100%; border-collapse: collapse;"> <caption>Permanent New Jobs Created Data</caption> <thead> <tr> <th>Fiscal Year</th> <th>Permanent New Jobs Created</th> </tr> </thead> <tbody> <tr> <td>FY 2005</td> <td>2134</td> </tr> <tr> <td>FY 2006</td> <td>1052</td> </tr> <tr> <td>FY 2007</td> <td>551</td> </tr> </tbody> </table>					Fiscal Year	Permanent New Jobs Created	FY 2005	2134	FY 2006	1052	FY 2007	551				
Fiscal Year	Permanent New Jobs Created															
FY 2005	2134															
FY 2006	1052															
FY 2007	551															
Comments on Performance Measure:																

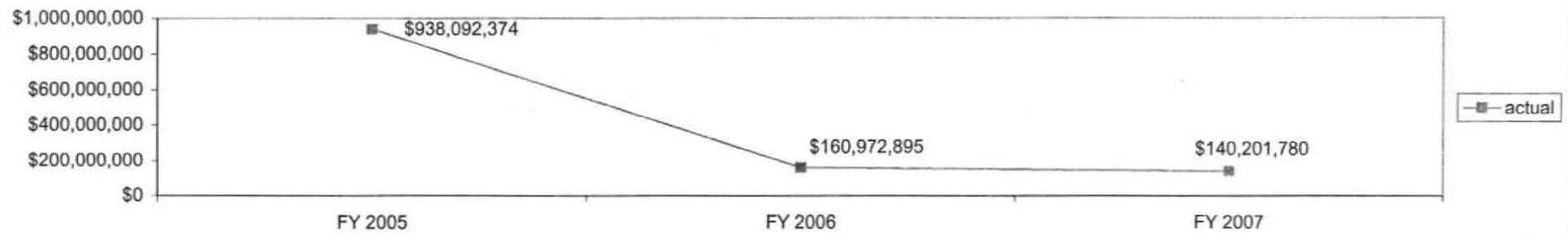
TAX CREDIT ANALYSIS

Program Name: Enterprise Zone Benefits

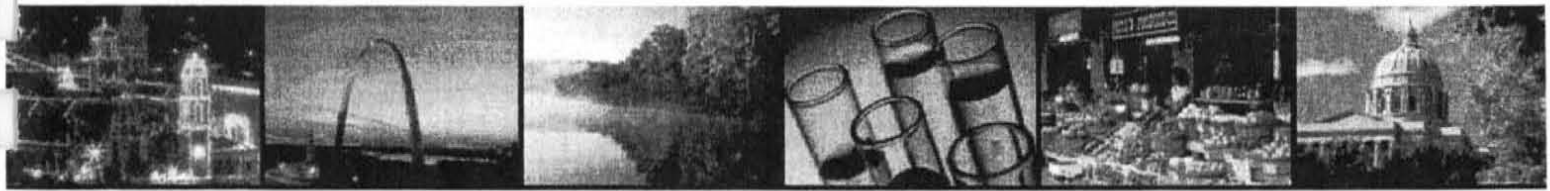
Department: Economic Development

Date: November, 2007

Investment



Comments on Performance Measure:



FAMILY DEVELOPMENT ACCOUNT TAX CREDIT PROGRAM

MISSOURI DEPARTMENT OF ECONOMIC DEVELOPMENT

PURPOSE

This program promotes self-sufficiency for low-income Missourians through a matched savings program.

AUTHORIZATION

Sections 208.750 to 208.775, RSMo

ELIGIBLE AREAS

Statewide

ELIGIBLE APPLICANTS

A community-based organization formed under Chapter 352, RSMo or any non-profit corporation formed under Chapter 355, RSMo.

ELIGIBILITY CRITERIA

The Department of Economic Development (DED) issues state tax credits to an eligible taxpayer who donates money to an organization approved to administer a Family Development Account (FDA) project.

Organizations approved to administer a Family Development Account project recruit low-income Missourians to participate in a matched savings program to help pay for:

- Education at an accredited institution of higher learning;
- Job training at an accredited or licensed training program;
- Purchase of a primary residence;
- Major repairs or improvements to a primary residence; or
- Start-up capitalization of a small business.

PROGRAM BENEFITS/ELIGIBLE USES

This tax credit can be applied to:

- Ch. 143 – Income tax, excluding withholding tax
- Ch. 147 – Corporate franchise tax
- Ch. 148 –
 - Bank Tax
 - Insurance Premium Tax
 - Other Financial Institution Tax
- Ch. 153 – Express Companies Tax

This credit has no special attributes. It must be applied to tax liability for the year it was earned.

FUNDING LIMITS

- The total tax credits available for any fiscal year are \$4 million.
- An organization applying for one or two years may request up to \$600,000 in tax credits.
- The tax credit is for 50% of the amount of the contribution, not to exceed \$25,000 (a \$50,000 contribution) per contributor.

APPLICATION/APPROVAL PROCEDURE

Applications from eligible organizations may be submitted to the FDA program at any time. Applications will be reviewed in the order they are received. Every effort is made to notify organizations of a tax credit award within 60 days from receipt of the application.

REPORTING REQUIREMENTS

Quarterly reports, final report, final audit for projects using \$25,000 or more in tax credits, and 1099 reporting.

CONTACT

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MISSOURI
DEPARTMENT OF ECONOMIC DEVELOPMENT

Revised November 2007

TAX CREDIT ANALYSIS

Program Name: Family Development Account	Department: Economic Development	Date: November, 2007
Program Category: Community Development	Type: Tax Credit <input checked="" type="checkbox"/> Other (specify) _____	
Statutory Authority: 208.750 - 208.775, RSMo	Applicable Taxes: Income, Corporate franchise, Bank tax, Insurance premium tax; Other financial institutions tax, Express company tax	

Program Description and Eligibility Requirements:

Promotes self-sufficiency through asset development for low-income persons through a matched savings program. Individuals, businesses and corporations having tax liability in Missouri are eligible to receive tax credits for qualified donations to approved FDA projects.

Explanation of How Award is Computed:

Entitlement _____ Discretionary ☒

Tax credits are provided to a contributor (based on 50% of the contribution) that donates to an approved organization administering the Family Development Account project. The matched savings fund can be used by the low-income persons for education, job training, purchase or rehabilitation of primary residence, or start-up capital for small business.

Program Cap: Cumulative \$ _____ (remainder of cumulative cap) \$ _____ Annual \$ 4 million _____ None _____

Explanation of cap:

\$4 million are awarded each fiscal year on an open cycle.

Explanation of Expiration of Authority:

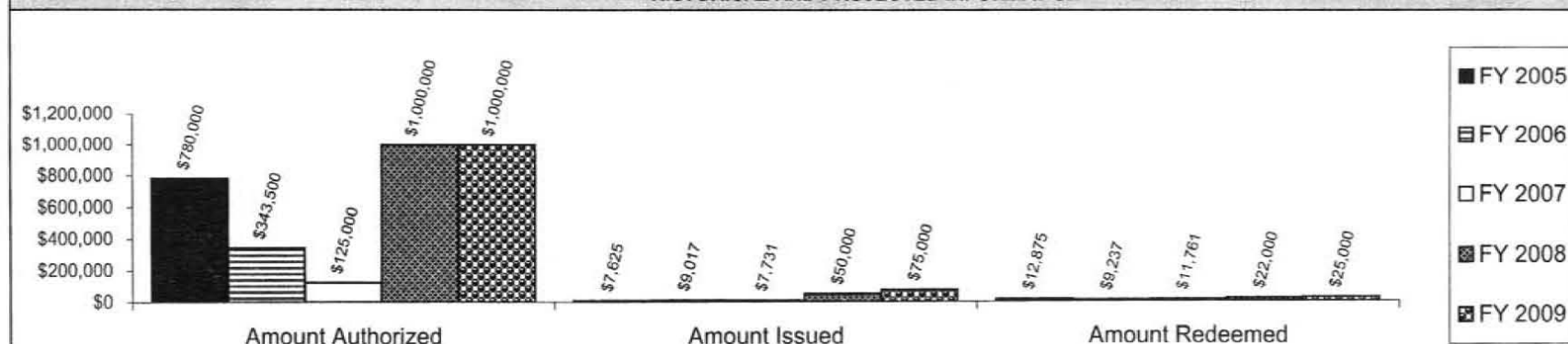
Specific Provisions: (if applicable)

Carry forward _____ years Carry Back _____ years Refundable _____ Sellable/Assignable _____ Additional Federal Deductions Available _____

Comments on Specific Provisions:

	FY 2005 ACTUAL	FY 2006 ACTUAL	FY 2007 ACTUAL	FY 2008 (current year)	FY 2009 (budget year)
Certificates Issued (#)	6	10	2	10	10
Projects (#)	2	2	1	5	5
Amount Authorized	\$780,000	\$343,500	\$125,000	\$1,000,000	\$1,000,000
Amount Issued	\$7,625	\$9,017	\$7,731	\$50,000	\$75,000
Amount Redeemed	\$12,875	\$9,237	\$11,761	\$22,000	\$25,000
EST. Amount Outstanding	N/A	N/A	\$0	N/A	N/A

HISTORICAL AND PROJECTED INFORMATION



Comments on Historical and Projected Information:

TAX CREDIT ANALYSIS

Program Name: Family Development Account	Department: Economic Development	Date: November, 2007
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BENEFIT: COST ANALYSIS (includes only state revenue impacts)

	FY 2007 ACTUAL	Other Fiscal Period (5 years)	Derivation of Benefits:
BENEFITS			Investment: n/a Employment: n/a
Direct Fiscal Benefits	\$0	\$0	Other Assumptions: \$212,500 in additional disposable income spread over years 2007-2011.
Indirect Fiscal Benefits	\$1,250	\$2,929	Incentives/Credits: \$125,000 in authorized Family Development Account Credits that are estimated for redemption between 2007-2011.
Total	\$1,250	\$2,929	Impacts occur in the Statewide Region. Assumptions provided by DED. Estimated using REMI-9-Regional Model (remi-fiscal-9-jul07).
COSTS			
Direct Fiscal Costs	\$25,000	\$118,468	
Indirect Fiscal Costs	\$0	\$0	
Total	\$25,000	\$118,468	
BENEFIT: COST	0.05	0.02	

Other Benefits:

In FY-2007, every dollar of authorized program tax credits returns

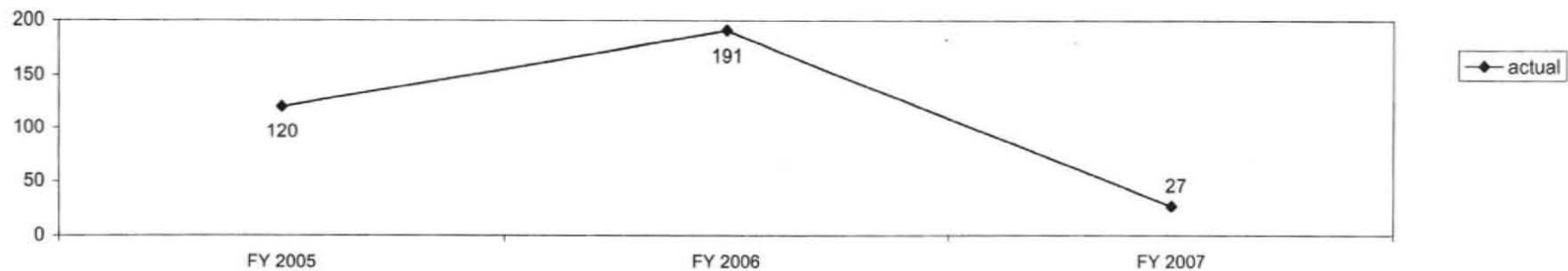
\$2.44 in new personal income totaling	\$0.06 million
\$0.69 in new value-added/GSP totaling	\$0.02 million
\$1.38 in new economic output totaling	\$0.03 million

Over 5 YEARS, every dollar of authorized program tax credits returns

\$0.05 in new personal income totaling	\$0.26 million
\$0.02 in new value-added/GSP totaling	\$0.12 million
\$0.02 in new economic output totaling	\$0.10 million

PERFORMANCE MEASURE(S)

Purchase of New/Rehabbed Housing



Comments on Performance Measure:

FDA is a matched savings program. Enrollees have 2-5 years to save to buy a primary residence or rehab a primary residence. These are the projected numbers based on the goals of the projects that were awarded credits in FY05 and FY06. FY 07 are actual numbers of participants that have met their goals.

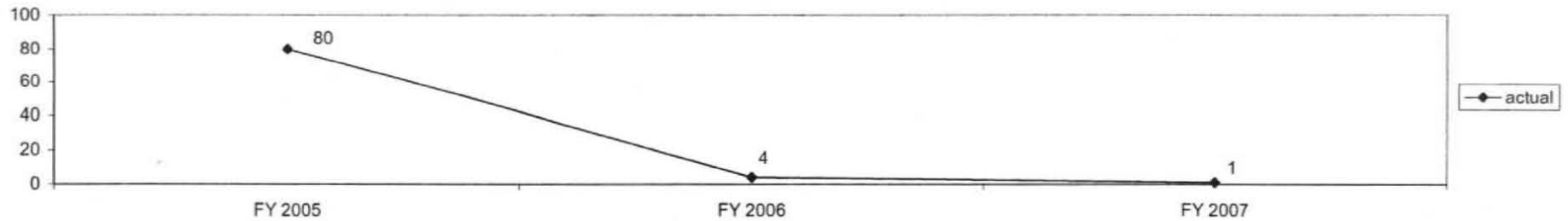
TAX CREDIT ANALYSIS

Program Name: Family Development Account

Department: Economic Development

Date: November, 2007

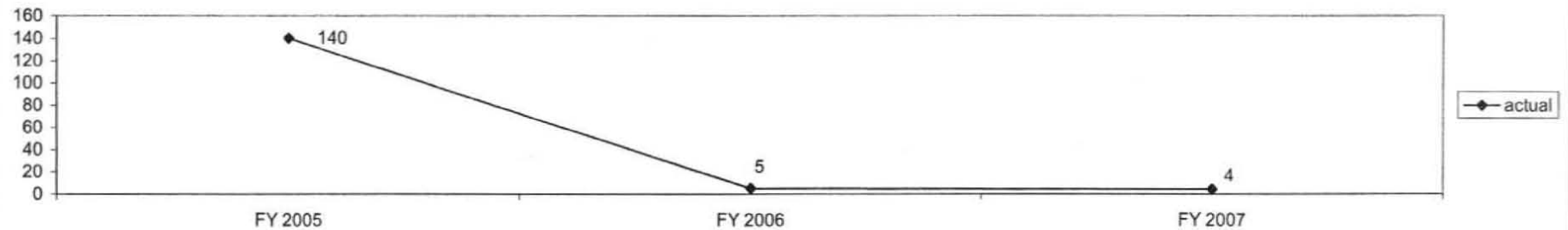
New Businesses to be Started



Comments on Performance Measure:

FDA is a matched savings program. Enrollees have 2-5 years to start a new business. These are the projected numbers based on the goals of the projects that were awarded credits in FY05 and FY06. FY 07 are actual numbers of participants that have met their goals.

Higher Education/Job Training to be Obtained



Comments on Performance Measure:

FDA is a matched savings program. Enrollees have 2-5 years to save to go to college or participate in an accredited job training program. These are the projected numbers based on the goals of the projects that were awarded credits in FY05 and FY06. FY 07 are actual numbers of participants that have met their goals.

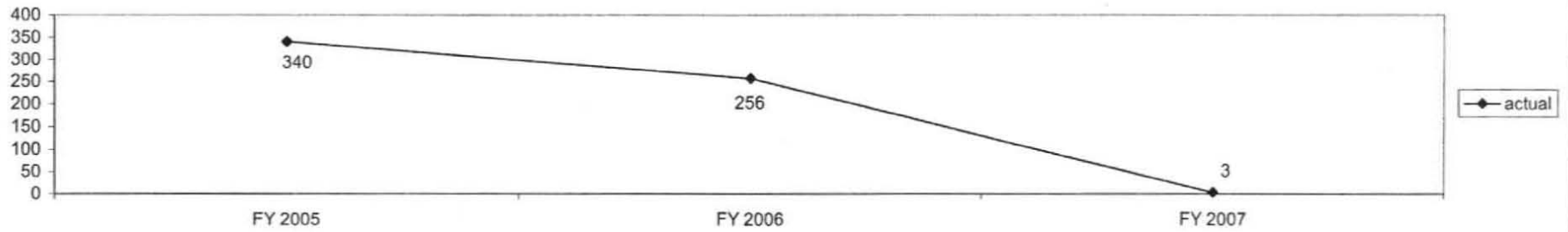
TAX CREDIT ANALYSIS

Program Name: Family Development Account

Department: Economic Development

Date: November, 2007

Individuals Learning Life Skills



Comments on Performance Measure:

FDA is a matched savings program. As a requirement of the program, all enrollees must attend financial literacy courses. These are the projected numbers based on the goals of the projects that were awarded credits in FY05 and FY06. FY 07 are actual numbers of participants that have met their goals.



FILM PRODUCTION TAX CREDIT PROGRAM

MISSOURI DEPARTMENT OF ECONOMIC DEVELOPMENT

PURPOSE

State tax credits are issued to a qualified film production company for up to 35% of the amount expended in Missouri for production or production-related activities to facilitate film production in Missouri.

AUTHORIZATION

Sections 135.750, RSMo

ELIGIBLE AREAS

Statewide.

ELIGIBLE APPLICANTS

Any film production company with an expected in-state expenditure budget of at least \$100,000 for films over 30 minutes in length, and at least \$50,000 for films under 30 minutes in length.

ELIGIBILITY CRITERIA

A film production company claiming the credit must first apply to the Department of Economic Development. A particular film will be eligible to receive the tax credit based on the amount of funds still withstanding for that particular year. Prior to the approval, the department will also look at the economic impact in determining whether the particular project would be a good fit for the tax credit.

PROGRAM BENEFITS/ELIGIBLE USES

This tax credit can be applied to:

- Ch. 143 – Income tax, excluding withholding tax
- Ch. 148 –
 - Bank Tax
 - Insurance Premium Tax
 - Other Financial Institution Tax

This credit's special attributes:

- Carry forward 5 years
- Sellable or transferable

Only those Missouri expenditures necessary for the production of the film are eligible. Such expenditures may include, but are not limited to, the costs of labor (Missouri residents only), services, materials, equipment rental, lodging, food, location fees and property rental.

FUNDING LIMITS

The tax credits certified may not exceed \$1 million per taxpayer per calendar year. The entire film production tax credit program is capped at \$4.5 million.

APPLICATION/APPROVAL PROCEDURE

Due to a finite amount of tax credits available, DED has established a procedure whereby tax credits may be set aside

for a given film project by the submission of an application that provides estimates for the company's Missouri expenditures on the project. Based upon these estimates and any other relevant information, DED may reserve a given amount of tax credits for the project (for a given period of time). If it appears at any time that a project may be significantly delayed, then DED may review the project and, if warranted, reclaim those reserved credits and apply them elsewhere.

In the application form, DED will ask for estimates on the amount of money to be spent in Missouri, as well as projected dates for establishing the production office and the first day of principal photography. These dates will be used in determining the length of time for which tax credits may be reserved for the project, as well as the likelihood that the project will actually be produced in Missouri.

REPORTING REQUIREMENTS

Certain tax credit recipients are required to annually report to the DED information pertaining to the project that received the tax credits. The statute requires that a full year pass after the issuance of the tax credits before SB1099 reporting requirements must be met.

The "Tax Credit Accountability Act" reporting form must be submitted to DED by June 30 each year for three years following the year of the first issuance of tax credits, including the following information:

- Category of business by size
- Address of the business headquarters
- Addresses of all offices located within this state
- Number of employees at the time of the annual update
- Updated estimate of the number of employees projected to increase as a result of the completion of the project
- The estimated or actual project cost

CONTACT

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MISSOURI

DEPARTMENT OF ECONOMIC DEVELOPMENT

Revised November 2007

TAX CREDIT ANALYSIS

Program Name: Film Tax Credit Program	Department: Economic Development	Date: November, 2007			
Program Category: Business Recruitment	Type: Tax Credit <input checked="" type="checkbox"/> Other (specify) _____				
Statutory Authority: 135.750, RSMo	Applicable Taxes: Income tax, Bank tax, Insurance Premium tax, Other financial institutions				
Program Description and Eligibility Requirements: Provides a tax credit for in-state expenditures for film production projects. Prior to CY 2008, the film must have an expected in-state expenditure budget in excess of \$300,000 to be eligible. After Jan. 1, 2008, films under 30 minutes in length must have an in-state budget in excess of \$50,000; films over 30 minutes in length must have an in-state budget in excess of \$100,000.					
Explanation of How Award is Computed: Entitlement _____ Discretionary <input checked="" type="checkbox"/>					
For years prior to 2008, the tax credit is equal to 50% of the investment in production or production related activities, but may not exceed \$1,000,000 per taxpayer, or 1,500,000 for all taxpayers. Starting in 2008, the tax credit is equal to 35% of qualified expenditures, but may not exceed \$4.5 million annually for all projects.					
Program Cap: Cumulative \$ _____ (remainder of cumulative cap) \$ _____ Annual \$ 4,500,000 _____ None _____					
Explanation of cap: The \$1,500,000 annual cap is allocated each calendar year to film projects based on pre-applications submitted to DED. Effective January 1, 2008 the annual cap is \$4,500,000.					
Explanation of Expiration of Authority: This program sunsets in 2013 unless reauthorized by the general assembly					
Specific Provisions: (if applicable) Carry forward <u>5</u> years Carry Back _____ years Refundable _____ Sellable/Assignable <input checked="" type="checkbox"/> Additional Federal Deductions Available _____					
Comments on Specific Provisions:					
	FY 2005 ACTUAL	FY 2006 ACTUAL	FY 2007 ACTUAL	FY 2008 (current year)	FY 2009 (budget year)
Certificates Issued (#)	0	5	6	25	25
Projects (#)	0	4	6	25	25
Amount Authorized	\$1,500,000	\$1,350,000	\$2,000,000	\$4,500,000	\$4,500,000
Amount Issued	\$0	\$917,982	\$1,969,588	\$3,000,000	\$3,500,000
Amount Redeemed	\$322,079	\$788,596	\$1,240,972	\$2,700,000	\$3,300,000
EST. Amount Outstanding	N/A	N/A	\$1,495,692	N/A	N/A

HISTORICAL AND PROJECTED INFORMATION					
<div style="display: flex; justify-content: space-between;"> <div style="width: 30%;"> <p style="text-align: center;">Amount Authorized</p> </div> <div style="width: 30%;"> <p style="text-align: center;">Amount Issued</p> </div> <div style="width: 30%;"> <p style="text-align: center;">Amount Redeemed</p> </div> </div>	■ FY 2005				
	▨ FY 2006				
	□ FY 2007				
	■ FY 2008				
■ FY 2009					

TAX CREDIT ANALYSIS

Program Name: Film Tax Credit Program		Department: Economic Development	Date: November, 2007								
Comments on Historical and Projected Information:											
BENEFIT: COST ANALYSIS (includes only state revenue impacts)											
	FY 2007 ACTUAL	Other Fiscal Period (5 years)	Derivation of Benefits: Investment: \$4,000,000 in Motion Picture Industry Sales in 2007. Employment: n/a Other Assumptions: n/a Incentives/Credits: \$2,000,000 in Authorized Film Tax Credits in 2007. Impacts occur in the Statewide Region. Assumptions provided by DED. Estimated using REMI-9-Regional Model (remi-fiscal-9-jul07).								
BENEFITS											
Direct Fiscal Benefits	\$119,728	\$109,584									
Indirect Fiscal Benefits	\$36,932	\$33,803									
Total	\$156,660	\$143,387									
COSTS											
Direct Fiscal Costs	\$2,000,000	\$2,000,000									
Indirect Fiscal Costs											
Total	\$2,000,000	\$2,000,000									
BENEFIT: COST	0.08	0.07									
Other Benefits: In FY-2007, every dollar of authorized program tax credits returns <div style="display: flex; justify-content: space-between;"> <div> \$0.95 in new personal income totaling \$1.49 in new value-added/GSP totaling \$2.99 in new economic output totaling </div> <div> \$1.91 million \$2.98 million \$5.98 million </div> </div> Over 5 YEARS, every dollar of authorized program tax credits returns <div style="display: flex; justify-content: space-between;"> <div> \$0.47 in new personal income totaling \$0.60 in new value-added/GSP totaling \$1.11 in new economic output totaling </div> <div> \$2.37 million \$3.00 million \$5.56 million </div> </div>											
PERFORMANCE MEASURE(S)											
Dollars Expended in Missouri on Film Production											
<table border="1" style="margin-top: 10px; width: 100%;"> <caption>Dollars Expended in Missouri on Film Production</caption> <thead> <tr> <th>Fiscal Year</th> <th>Dollars Expended</th> </tr> </thead> <tbody> <tr> <td>FY 2005</td> <td>\$0</td> </tr> <tr> <td>FY 2006</td> <td>\$1,835,964</td> </tr> <tr> <td>FY 2007</td> <td>\$1,969,588</td> </tr> </tbody> </table>				Fiscal Year	Dollars Expended	FY 2005	\$0	FY 2006	\$1,835,964	FY 2007	\$1,969,588
Fiscal Year	Dollars Expended										
FY 2005	\$0										
FY 2006	\$1,835,964										
FY 2007	\$1,969,588										
Comments on Performance Measure:											



SMALL BUSINESS INCUBATOR TAX CREDIT PROGRAM

MISSOURI DEPARTMENT OF ECONOMIC DEVELOPMENT

PURPOSE

To generate private funds to be used to establish a "protective business environment" (incubator) in which a number of small businesses can collectively operate, fostering growth and development during a business' start-up period.

AUTHORIZATION

Section 620.495, RSMo

ELIGIBLE AREAS

Statewide.

ELIGIBLE APPLICANTS

Missouri taxpayers who make a contribution to an approved incubator sponsor in Missouri

PROGRAM BENEFITS/ELIGIBLES

This 50% tax credit can be applied to:

- Ch. 143 – Income tax, excluding withholding tax
- Ch. 147 – Corporate franchise tax
- Ch. 148 –
 - Bank Tax
 - Insurance Premium Tax
 - Other Financial Institution Tax

This credit's special attributes:

- Carry forward 5 years
- Sellable or transferable (75¢ minimum)

FUNDING LIMITS

The overall maximum amount of tax credits that can be authorized under this program in any one calendar year is \$500,000.

APPLICATION/APPROVAL PROCEDURE

SPONSOR -

An incubator sponsor must apply to the Department of Economic Development for designation as an approved incubator. DED reviews and approves applications based on the following criteria:

- Ability of the sponsor to carry out the provisions of §620.495, RSMo;
- Economic impact of the incubator on the community;
- Conformance with area-wide and local economic development plans, if they exist; and
- Location of the incubator (encouraging geographic distribution of incubators throughout the state).

CONTRIBUTOR -

Any taxpayer, including non-for-profit corporations, except those that benefit directly from General Revenue such as public universities, may be a contributor. Applications can be submitted to DED year-round, but decisions will be made on a first-come basis, based on the annual amount of tax credits allocated to an approved incubator.

CONTACT

Missouri Department of Economic Development

Division of Business and Community Services • Finance Management Team

301 West High Street • Room 770 • P.O. Box 118
Jefferson City • MO • 65102

Phone: 573-751-4539 • Fax: 573-522-4322

E-mail: dedfin@ded.mo.gov • Web: www.MissouriDevelopment.org

MISSOURI
DEPARTMENT OF ECONOMIC DEVELOPMENT

Revised November 2007

TAX CREDIT ANALYSIS

Program Name: Small Business Incubator Tax Credit Program	Department: Economic Development	Date: November, 2007
Program Category: Entrepreneurial	Type: Tax Credit <input checked="" type="checkbox"/> Other (specify) _____	
Statutory Authority: 620.495, RSMo	Applicable Taxes: Income tax, Corporate franchise tax, Bank tax, Insurance premium tax, Other financial institutions tax	

Program Description and Eligibility Requirements:
 A taxpayer who makes a contribution to an approved incubator sponsor or fund can claim a state tax credit for a percentage of such contribution.

Explanation of How Award is Computed: Entitlement _____ Discretionary ☒
 The tax credit is equal to 50% of the contribution.

Program Cap: Cumulative \$ _____ (remainder of cumulative cap) \$ _____ Annual \$ 500,000 _____ None _____

Explanation of cap: The \$500,000 annual cap is allocated each calendar year to approved incubators requesting funds based on need, competition and the appropriate use of contributions.

Explanation of Expiration of Authority:

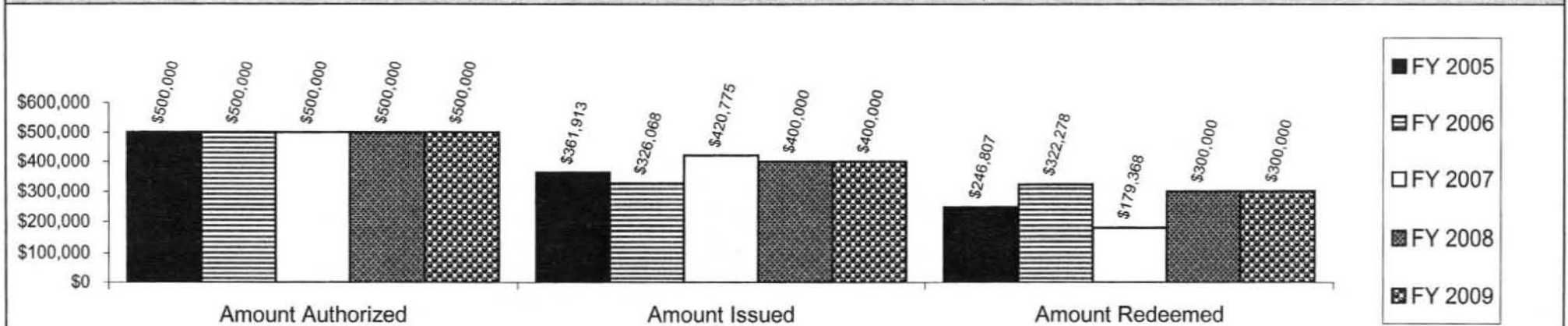
Specific Provisions: (if applicable)

Carry forward 5 years Carry Back _____ years Refundable _____ Sellable/Assignable ☒ Additional Federal Deductions Available _____

Comments on Specific Provisions: 75 cents minimum sale price

	FY 2005 ACTUAL	FY 2006 ACTUAL	FY 2007 ACTUAL	FY 2008 (current year)	FY 2009 (budget year)
Certificates Issued (#)	44	45	29	35	35
Projects (#)	4	6	5	5	5
Amount Authorized	\$500,000	\$500,000	\$500,000	\$500,000	\$500,000
Amount Issued	\$361,913	\$326,068	\$420,775	\$400,000	\$400,000
Amount Redeemed	\$246,807	\$322,278	\$179,368	\$300,000	\$300,000
EST. Amount Outstanding	N/A	N/A	\$623,969	N/A	N/A

HISTORICAL AND PROJECTED INFORMATION



Comments on Historical and Projected Information:

TAX CREDIT ANALYSIS

Program Name: Small Business Incubator Tax Credit Program **Department:** Economic Development **Date:** November, 2007

BENEFIT: COST ANALYSIS (includes only state revenue impacts)

	FY 2007 ACTUAL	Other Fiscal Period (5 years)	Derivation of Benefits:
BENEFITS			Investment: \$1,000,000 in non-residential investment spending between 2007-2009. Employment: 31 new jobs in Professional and Technical Services between 2007-2011. Other assumptions: n/a.
Direct Fiscal Benefits	\$94,751	\$436,973	Incentives/Credits: \$500,000 in authorized Incubator tax credits in 2007.
Indirect Fiscal Benefits	\$87,371	\$402,939	Impacts occur in the Statewide Region. Assumptions provided by DED. Estimated using REMI-9-Regional Model (remi-fiscal-9-jul07).
Total	\$182,122	\$839,912	
COSTS			
Direct Fiscal Costs	\$500,000	\$500,000	
Indirect Fiscal Costs			
Total	\$500,000	\$500,000	
BENEFIT: COST	0.36	1.68	

Other Benefits:

In FY-2007, every dollar of authorized program tax credits returns

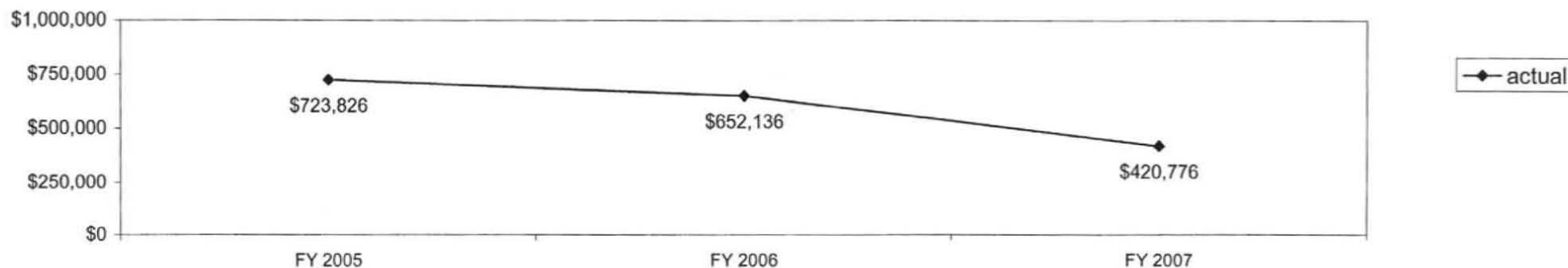
\$4.97 in new personal income totaling	\$2.49 million
\$7.98 in new value-added/GSP totaling	\$3.99 million
\$12.30 in new economic output totaling	\$6.15 million

Over 5 YEARS, every dollar of authorized program tax credits returns

\$2.73 in new personal income totaling	\$13.65 million
\$4.22 in new value-added/GSP totaling	\$21.10 million
\$6.24 in new economic output totaling	\$31.19 million

PERFORMANCE MEASURE(S)

Investment (contributions)



Comments on Performance Measure: In FY 2005 and 2006, contribution amounts include the associated tax credits. In FY 2007, the \$420,776 is net of \$420,775 in tax credit issuances.

LOAN GUARANTEE FEE TAX CREDIT PROGRAM

MISSOURI DEPARTMENT OF ECONOMIC DEVELOPMENT

PURPOSE

Reduce the costs to small businesses in financing projects by providing tax credits for certain federal loan guarantee programs.

AUTHORIZATION

Section 135.766, RSMo:

"An eligible small business, as defined in Section 44 of the Internal Revenue Code, shall be allowed a credit against the tax otherwise due pursuant to chapter 143, RSMo, not including sections 143.191 to 143.265, RSMo, in an amount equal to any amount paid by the eligible small business to the United States Small Business Administration as a guaranty fee pursuant to obtaining Small Business Administration guaranteed financing and to programs administered by the United States Department of Agriculture for rural development or farm service agencies. "

ELIGIBLE AREAS

Statewide.

ELIGIBLE APPLICANTS

A small business defined in Section 44 of the IRS code must (in the prior tax year) have gross receipts of less than \$1 million; or if more than \$1 million, less than 30 full time employees.

HOW THE PROGRAM WORKS

The Missouri Department of Economic Development (DED) will issue state income tax credits to an "eligible small business" for the amount of the guarantee fee paid to the U.S. Small Business Administration (SBA) or the U.S. Department of Agriculture (USDA) for a small business loan.

APPLICATION PROCEDURE

A business should submit an application to DED within one year from the date the loan is disbursed to the business.

FUNDING LIMITS

There is no limit on the amount per business or total amount distributed annually.

ELIGIBLE USE OF TAX CREDITS

This tax credit can be applied to:

✓ Ch. 143 – Income tax, excluding withholding tax

This credit has no special attributes and must be applied to tax liability for the year it was earned.

CONTACT

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ADDITIONAL RESOURCES

Go to the department's home page at www.missouridevelopment.org to obtain guidelines and forms for this tax credit as well as a wealth of information regarding Missouri's many other economic development programs and policies.

✓ **SBA programs:**

www.sbaonline.sba.gov/financing/indexloans.html

✓ **USDA Business and Industry Guarantee:**

www.rurdev.usda.gov/rbs/busp/bprogs.htm

TAX CREDIT ANALYSIS

Program Name: Loan Guarantee Fee Tax Credit	Department: Economic Development	Date: November, 2007
Program Category: Entrepreneurial	Type: Tax Credit <input checked="" type="checkbox"/> Other (specify) _____	
Statutory Authority: 135.766, RSMo	Applicable Taxes: Income taxes	

Program Description and Eligibility Requirements:

Tax credit to an eligible small business that pays a guarantee fee to the US Small Business Administration or the US Department of Agriculture for a small business loan.

Explanation of How Award is Computed:

Entitlement ☒ Discretionary _____

The tax credit is equal to 100% of the guarantee fee.

Program Cap: Cumulative \$ _____ (remainder of cumulative cap) \$ _____ Annual \$ _____ None ☒

Explanation of cap:

Per section 33.282, RSMo, the Senate Appropriations Committee did not approve the estimations for this program. Therefore, no credits will be issued after 12/31/2007.

Explanation of Expiration of Authority:

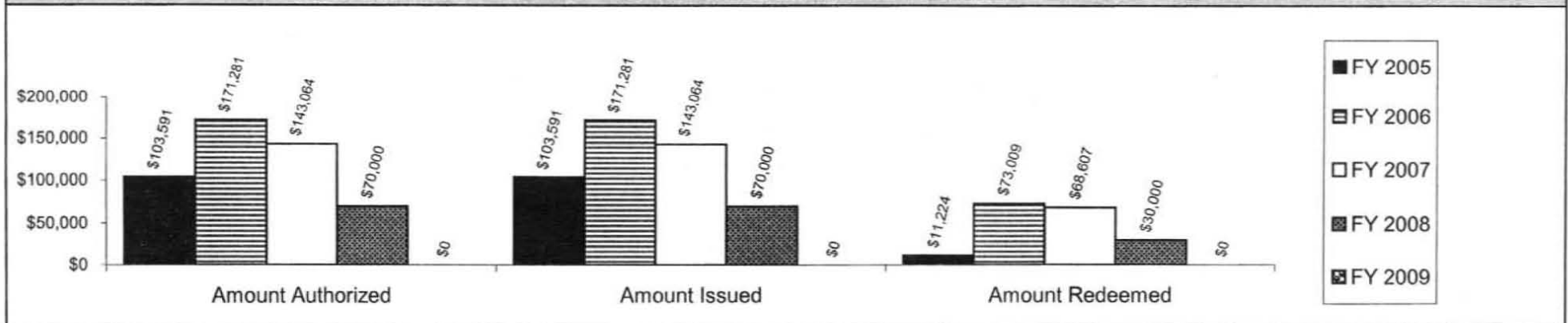
Specific Provisions: (if applicable)

Carry forward _____ years Carry Back _____ years Refundable _____ Sellable/Assignable _____ Additional Federal Deductions Available _____

Comments on Specific Provisions: This credit has no special attributes and must be applied to tax liability for the year it was earned.

	FY 2005 ACTUAL	FY 2006 ACTUAL	FY 2007 ACTUAL	FY 2008 (current year)	FY 2009 (budget year)
Certificates Issued (#)	12	27	17	10	0
Projects (#)	12	27	17	10	0
Amount Authorized	\$103,591	\$171,281	\$143,064	\$70,000	\$0
Amount Issued	\$103,591	\$171,281	\$143,064	\$70,000	\$0
Amount Redeemed	\$11,224	\$73,009	\$68,607	\$30,000	\$0
EST. Amount Outstanding	N/A	N/A	\$74,457	N/A	N/A

HISTORICAL AND PROJECTED INFORMATION



TAX CREDIT ANALYSIS

Program Name: Loan Guarantee Fee Tax Credit	Department: Economic Development	Date: November, 2007
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Comments on Historical and Projected Information:

BENEFIT: COST ANALYSIS (Includes only state revenue impacts)

	FY 2007 ACTUAL	Other Fiscal Period (5 years)	Derivation of Benefits:
BENEFITS			Investment: n/a
Direct Fiscal Benefits	\$0	\$0	Other assumptions: \$143,064 in savings to loan borrowers.
Indirect Fiscal Benefits	\$3,561	-\$6,998	Incentives/Credits: \$143,064 in authorized Loan Guarantee Fee tax credits.
Total	\$3,561	-\$6,998	Impacts occur in the Statewide Region. Assumptions provided by DED. Estimated using REMI-9-Regional Model (remi-fiscal-9-jul07).
COSTS			
Direct Fiscal Costs	\$143,064	\$143,064	
Indirect Fiscal Costs	\$0	\$0	
Total	\$143,064	\$143,064	
BENEFIT: COST	0.02	0.00	

Other Benefits:

In FY-2007, every dollar of authorized program tax credits returns

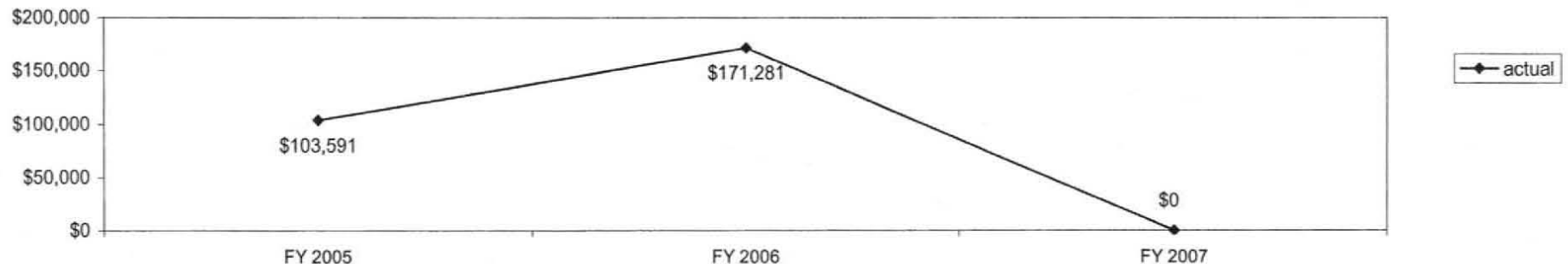
\$1.17 in new personal income totaling	\$0.17 million
\$0.24 in new value-added/GSP totaling	\$0.03 million
\$0.72 in new economic output totaling	\$0.10 million

Over 5 YEARS, every dollar of authorized program tax credits returns

\$0.03 in new personal income totaling	\$0.13 million
\$0.01 in new value-added/GSP totaling	\$0.05 million
\$0.00 in new economic output totaling	\$0.00 million

PERFORMANCE MEASURE(S)

Investment



Comments on Performance Measure:



NEIGHBORHOOD ASSISTANCE TAX CREDIT PROGRAM

MISSOURI DEPARTMENT OF ECONOMIC DEVELOPMENT

PURPOSE

Provide assistance to community-based organizations that enables them to implement community or neighborhood projects in the areas of community service, education, crime prevention, job training and physical revitalization.

AUTHORIZATION

Sections 32.100 to 32.125, RSMo

ELIGIBLE AREAS

Statewide.

ELIGIBLE APPLICANTS

- Not-for-profit corporations organized under Chapter 355, RSMo;
- Organizations holding a 501(c)(3) ruling from the IRS; and
- Missouri businesses

ELIGIBLE DONORS

Businesses only - individuals who operate a sole proprietorship, operate a farm, have rental property or have royalty income are also eligible, as well as a shareholder in an S-corporation, a partner in a Partnership or a member of a Limited Liability Corporation.

ELIGIBILITY CRITERIA

The Department of Economic Development (DED) will issue 50% or 70% tax credits to an eligible taxpayer who makes a qualified contribution to an approved Neighborhood Assistance Program (NAP) project.

PROGRAM BENEFITS/ELIGIBLE USES

This tax credit can be applied to:

- Ch. 143 – Income tax, excluding withholding tax
- Ch. 147 – Corporate franchise tax
- Ch. 148 –
 - Bank Tax
 - Insurance Premium Tax
 - Other Financial Institution Tax
- Ch. 153 – Express Companies Tax

This credit's special attributes:

- Carry forward 5 years

FUNDING LIMITS

The maximum amount of tax credits available is \$18 million per fiscal year. The tax credits are allocated at the discretion of DED and are subject to change:

- \$12,000,000 million in 50% credits
- \$ 6,000,000 million in 70% credits (reserved for projects in certain lower population or unincorporated areas).

Applicant organizations may request a maximum of \$250,000 in 50% tax credits per project or \$350,000 in 70% tax credits per project if the organization is located in a qualifying rural area.

APPLICATION/APPROVAL PROCEDURE

There is no deadline for applying. Applications are reviewed as received until funding is depleted.

NAP staff is available to provide technical assistance to organizations making application to the program.

REPORTING REQUIREMENTS

Quarterly reports, final report, final audit for projects using \$25,000 or more in tax credits, and 1099 reporting.

SPECIAL PROGRAM REQUIREMENTS

Preference is given to projects addressing specified program outcomes. The NAP also seeks projects located in distressed communities and in target communities as determined by the department.

CONTACT

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MISSOURI
DEPARTMENT OF ECONOMIC DEVELOPMENT

Revised November 2007

TAX CREDIT ANALYSIS

Program Name: Neighborhood Assistance Program	Department: Economic Development	Date: November, 2007
Program Category: Community Development	Type: Tax Credit <input checked="" type="checkbox"/> Other (specify) _____	
Statutory Authority: 32.100 - 32.125, RSMo	Applicable Taxes: Income tax, Corporate franchise tax, Bank tax, Insurance premium tax, Other financial institutions tax, Express company tax	

Program Description and Eligibility Requirements:
Provides assistance to community-based organizations that enable them to implement community or neighborhood projects in the areas of community service, education, crime prevention, job training and physical revitalization.

Explanation of How Award is Computed: Entitlement _____ Discretionary ☒
Applications are reviewed on a competitive basis and awards made to nonprofits or Missouri businesses for 50% or 70% of the approved budget.

Program Cap: Cumulative \$ _____ (remainder of cumulative cap) \$ _____ Annual \$ 18 million _____ None _____

Explanation of cap:

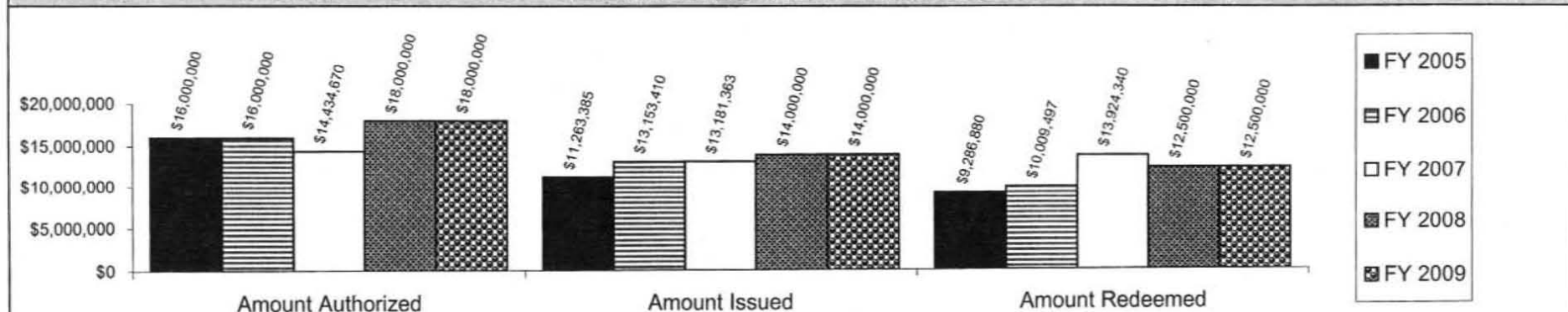
Explanation of Expiration of Authority:

Specific Provisions: (if applicable)
Carry forward 5 years Carry Back _____ years Refundable _____ Sellable/Assignable _____ Additional Federal Deductions Available _____

Comments on Specific Provisions:

	FY 2005 ACTUAL	FY 2006 ACTUAL	FY 2007 ACTUAL	FY 2008 (current year)	FY 2009 (budget year)
Certificates Issued (#)	2,771	2,811	2,623	2,700	2,700
Projects (#)	107	98	90	100	100
Amount Authorized	\$16,000,000	\$16,000,000	\$14,434,670	\$18,000,000	\$18,000,000
Amount Issued	\$11,263,385	\$13,153,410	\$13,181,363	\$14,000,000	\$14,000,000
Amount Redeemed	\$9,286,880	\$10,009,497	\$13,924,340	\$12,500,000	\$12,500,000
EST. Amount Outstanding	N/A	N/A	\$12,818,023	N/A	N/A

HISTORICAL AND PROJECTED INFORMATION



Comments on Historical and Projected Information:

TAX CREDIT ANALYSIS

Program Name: Neighborhood Assistance Program	Department: Economic Development	Date: November, 2007
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BENEFIT: COST ANALYSIS (includes only state revenue impacts)

	FY 2007 ACTUAL	Other Fiscal Period (5 years)	Derivation of Benefits: Investment: \$13,846,322 in Construction Demand in 2007. Employment: 108 jobs in retail firms between 2007-2011; 111 jobs in social assistance industry between 2007-2011. Other Assumptions: (a) 1,084 new HS/GED/Assoc. Degree graduates earning an additional \$6,504,000 in disposable personal income between 2007-2011; (b) 418 JobSkills graduates earning an additional \$1,254,000 in disposable personal income between 2007-2011. Incentives/Credits: \$14,434,670 in authorized Neighborhood Assistance Credits that are estimated for redemption between 2007-2011. Impacts occur in the Statewide Region. Assumptions provided by DED. Estimated using REMI-9-Regional Model (remi-fiscal-9-jul07).
BENEFITS			
Direct Fiscal Benefits	\$200,495	\$497,400	
Indirect Fiscal Benefits	\$567,130	\$1,406,967	
Total	\$767,625	\$1,904,367	
COSTS			
Direct Fiscal Costs	\$2,886,934	\$13,680,360	
Indirect Fiscal Costs	\$0	\$0	
Total	\$2,886,934	\$13,680,360	
BENEFIT: COST	0.27	0.14	

Other Benefits:

In FY-2007, every dollar of authorized program tax credits returns

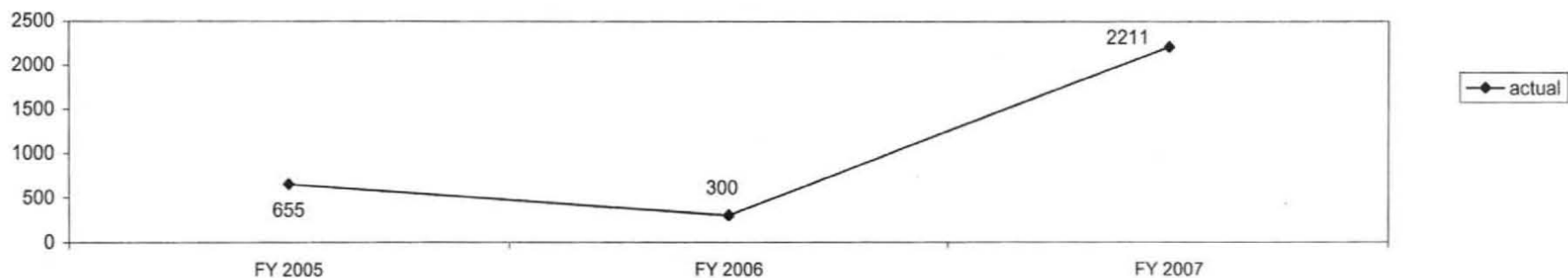
\$6.41 in new personal income totaling	\$18.51 million
\$5.90 in new value-added/GSP totaling	\$17.04 million
\$10.10 in new economic output totaling	\$29.15 million

Over 5 YEARS, every dollar of authorized program tax credits returns

\$14.33 in new personal income totaling	\$71.66 million
\$10.13 in new value-added/GSP totaling	\$50.63 million
\$16.27 in new economic output totaling	\$81.34 million

PERFORMANCE MEASURE(S)

Permanent New Jobs Created



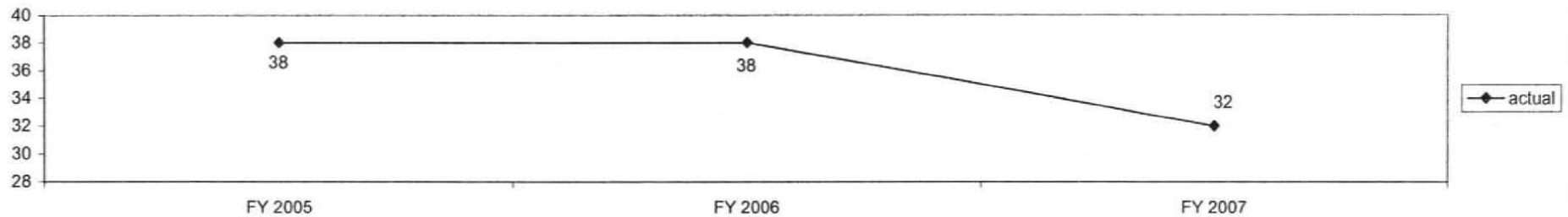
Comments on Performance Measure:

Numbers are dependent on the type of projects that are funded each year.

TAX CREDIT ANALYSIS

Program Name: Neighborhood Assistance Program	Department: Economic Development	Date: November, 2007
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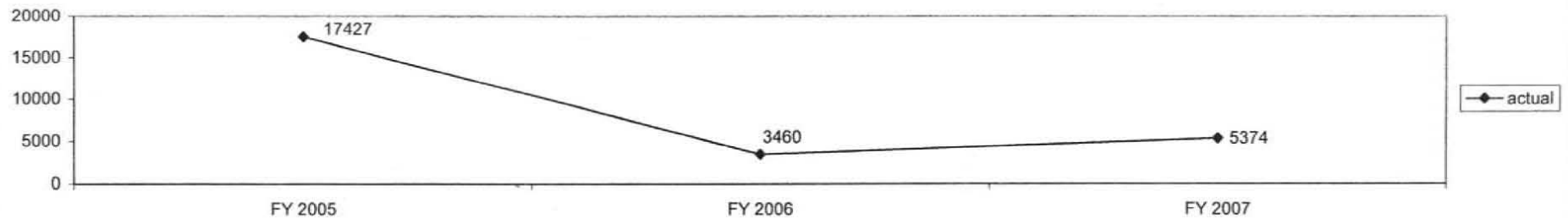
New/Renovated Facilities



Comments on Performance Measure:

Numbers are dependent on the type of projects that are funded each year.

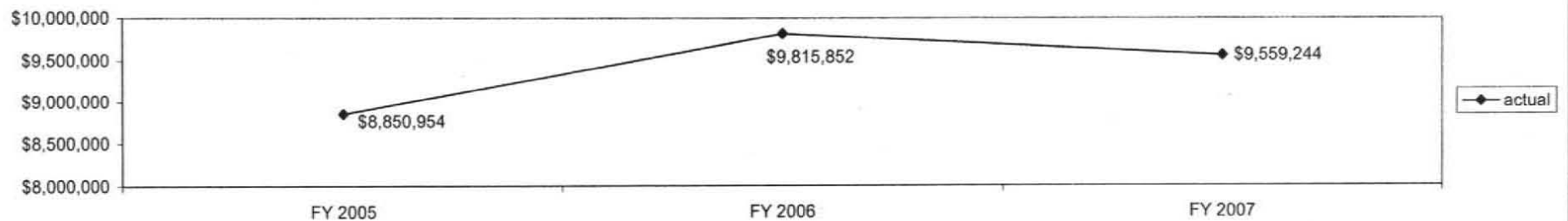
Individuals Learning Life Skills



Comments on Performance Measure:

Includes individuals earning GEDs, job training and other skills necessary to become productive citizens.

Amount Leveraged



Comments on Performance Measure:

NAP tax credits leveraged (Total Contributions - Total Credits Issued)

NEW ENTERPRISE CREATION ACT

MISSOURI DEPARTMENT OF ECONOMIC DEVELOPMENT

PURPOSE

To generate investment for Missouri startup businesses that have not developed to the point where they can successfully attract conventional financing or significant venture capital from later-stage funds.

AUTHORIZATION

Sections 620.635 to 620.653, RSMo

HOW THE PROGRAM WORKS

The Department of Economic Development (DED) will issue tax credits equal to 100% of the investment in a qualified fund to any accredited individual, corporation, partnership or financial institution who makes a qualified investment. At this point, all credits allowed under the law have been authorized.

The Missouri Seed Capital Investment Board was created to establish a qualified fund. The Board is comprised of 13 members, eight of which are appointed by the Governor.

Prolog Ventures, LLC (Prolog) was selected by the Board as the Fund Manager to raise the contributions and manage the investments of the fund. Prolog entered into a contract with the four Innovation Centers, as required by statute. Investors in the qualified fund will also be required to invest in a non-qualified parallel fund that will make investments in Missouri and surrounding states. Prolog will make investments in qualified Missouri businesses in need of early-stage or "seed" funding.

ELIGIBLE AREAS

Statewide.

ELIGIBLE USE OF FUNDS

Investments made through this program may be used for research; development and pre-commercialization activities to prove a concept for a new product, process or service; pre-

production product development; service development; or initial marketing of a product.

ELIGIBLE APPLICANTS FOR INVESTMENT

Any independently owned and operated business that is headquartered and located in Missouri and maintains a Missouri headquarters for at least three years. The business must be involved in commerce for the purpose of production, conducting research and development or providing services in interstate commerce. The focus is on businesses in the startup or development phase.

Prolog is seeking businesses based upon proprietary technology with the potential to develop a strong intellectual property position. Areas of interest include medical devices and diagnostics, human and agricultural biotechnology and biomedical IT. Of potential interest are instruments, photonics, new materials and software.

Businesses that are excluded from investments include retail and consumer, real estate, oil and gas, minerals, telecom networks, Internet portals and publishing and consumer-oriented IT.

The business should have no positive cash flow in the prior fiscal year. Revenue oriented companies should target at least \$30 million in revenues in five years. Businesses whose valuation is not dependent upon revenues will be evaluated according to its potential for valuation increases upon attaining milestones. The business should be willing to provide a non-confidential summary and hold initial discussions on a non-confidential basis.

The business must maintain its headquarters in Missouri for a period of at least three years from the date of the qualified investment or be subject to penalty.

FUNDING LIMITS

The Prolog Funds will typically invest between \$500,000 and \$1,500,000 in a single business. They have the potential to invest \$2,000,000 to \$3,000,000 at the maximum.

No more than 10% of all of the qualified contributions to a qualified fund may be invested in a single qualified business.

Investments shall not be provided to any business that has experienced positive cash flow in a past fiscal year, with the exception of follow-up capital limited to qualified businesses that previously received qualified investments. No more than 40% of qualified contributions may be used for follow-up capital purposes.

APPLICATION PROCEDURE FOR THE BUSINESS

The business seeking an investment should send Prolog a non-confidential executive summary of their business plan. Applicants will be contacted directly by Prolog regarding their level of interest and any subsequent steps that are required. DED does not have the authority to require the Fund Manager to fund a project.

FUND MANAGER

Prolog Ventures, LLC
7733 Forsyth, Suite 1440
St. Louis, MO 63105
Phone: 314-743-2400 Fax: 314-743-2403
Contact: Gregory R. Johnson, Managing Director
Email: grj@prologventures.com

CONTACT

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DEPARTMENT OF ECONOMIC DEVELOPMENT
Business and Community Services

Finance Management

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Jefferson City, MO 65102

Phone: 573-751-4539 Fax: 573-522-4322

Email: dedfin@ded.mo.gov

ADDITIONAL RESOURCES

Go to the department's home page at www.missouridevelopment.org for a wealth of information regarding Missouri's many other economic development programs and policies.

TAX CREDIT ANALYSIS

Program Name: New Enterprise Creation Act	Department: Economic Development	Date: November, 2007
Program Category: Entrepreneurial	Type: Tax Credit <input checked="" type="checkbox"/> Other (specify) _____	
Statutory Authority: 620.635 to 620.653, RSMo	Applicable Taxes: Income tax, Corporate franchise tax, Bank tax, Insurance premium tax, Other financial institutions tax	

Program Description and Eligibility Requirements:

An accredited investor who makes an investment in the seed capital fund may receive a tax credit. The fund must be under contract with Innovation Centers in Missouri. The Seed Capital Investment Board was established to approve the fund manager and oversee the program.

Explanation of How Award is Computed:

Entitlement _____ Discretionary ☒

The tax credit is equal to 100% of contributions made to a qualified fund chosen by the Missouri Seed Capital Investment Board. The Board contracts with a professional venture capital firm to manage the fund and evaluate and make investments. Tax credits are issued equally over four years.

Program Cap: Cumulative \$ 20 million _____ (remainder of cumulative cap) \$ 0 _____ Annual \$ _____ None _____

Explanation of cap: Cumulative cap exhausted.

Explanation of Expiration of Authority: Cumulative cap exhausted.

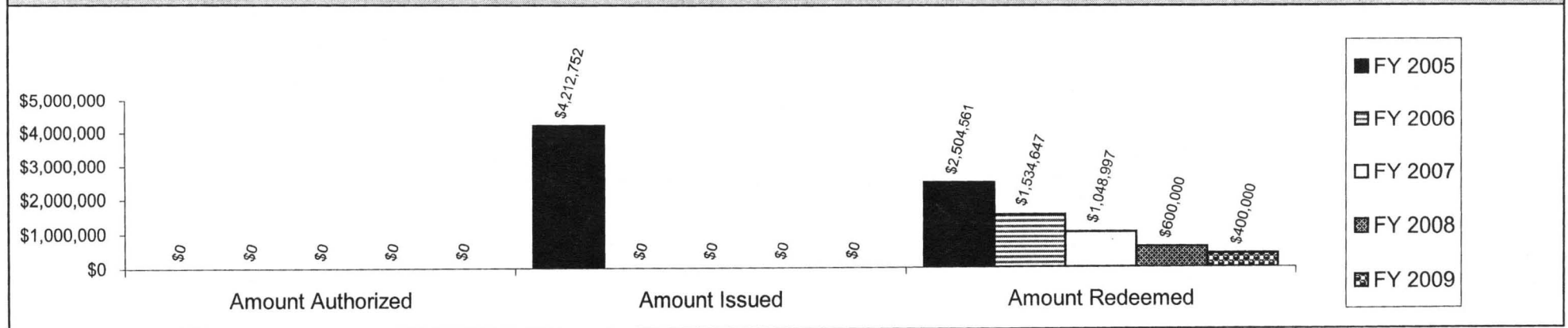
Specific Provisions: (if applicable)

Carry forward 10 years Carry Back _____ years Refundable _____ Sellable/Assignable ☒ Additional Federal Deductions Available _____

Comments on Specific Provisions:

	FY 2005 ACTUAL	FY 2006 ACTUAL	FY 2007 ACTUAL	FY 2008 (current year)	FY 2009 (budget year)
Certificates Issued (#)	74	N/A	N/A	N/A	N/A
Projects (#)	11	N/A	N/A	N/A	N/A
Amount Authorized	Cumulative Cap Exhausted	Cumulative Cap Exhausted	Cumulative Cap Exhausted	Cumulative Cap Exhausted	Cumulative Cap Exhausted
Amount Issued	\$4,212,752	N/A	N/A	N/A	N/A
Amount Redeemed	\$2,504,561	\$1,534,647	\$1,048,997	\$600,000	\$400,000
EST. Amount Outstanding	N/A	N/A	\$4,571,846	N/A	N/A

HISTORICAL AND PROJECTED INFORMATION



TAX CREDIT ANALYSIS

Program Name: New Enterprise Creation Act	Department: Economic Development	Date: November, 2007
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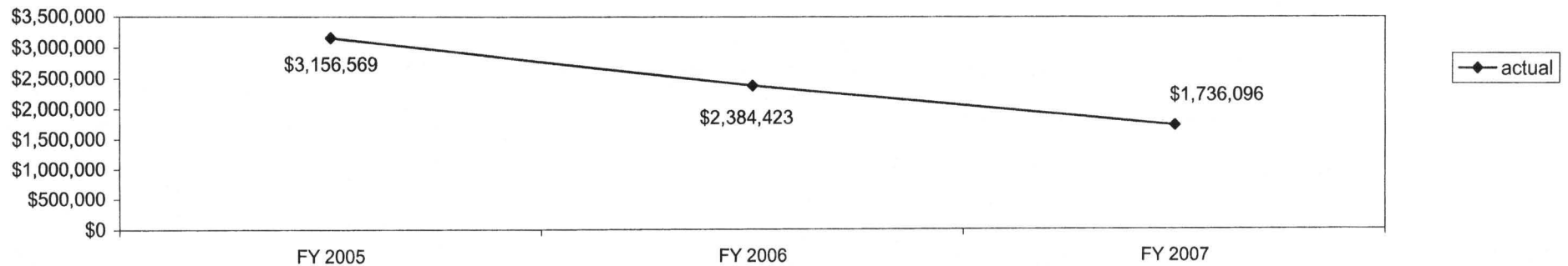
Comments on Historical and Projected Information:

BENEFIT: COST ANALYSIS (includes only state revenue impacts)

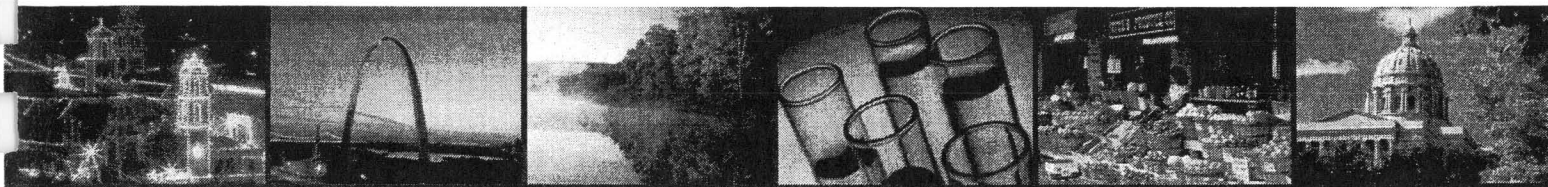
	FY 2007 ACTUAL	Other Fiscal Period	Derivation of Benefits:
BENEFITS			No new authorizations in 2007.
Direct Fiscal Benefits	\$0	\$0	
Indirect Fiscal Benefits	\$0	\$0	
Total	\$0	\$0	
COSTS			
Direct Fiscal Costs	\$0	\$0	
Indirect Fiscal Costs	\$0	\$0	
Total	\$0	\$0	
BENEFIT: COST	#DIV/0!	#DIV/0!	

PERFORMANCE MEASURE(S)

Investment



Comments on Performance Measure:



MISSOURI QUALITY JOBS PROGRAM

MISSOURI DEPARTMENT OF ECONOMIC DEVELOPMENT

PURPOSE

Facilitate the creation of quality jobs by targeted business projects.

AUTHORIZATION

Section 620.1875-620.1900, RSMo

ELIGIBLE AREAS

Statewide.

ELIGIBLE APPLICANTS

For-profit and non-profit businesses [except for gambling, retail trade, food and drinking places, public utilities, educational services, religious organizations, and public administration companies or businesses that are delinquent in non-protested taxes or other payments (state, federal or local), or any company that has filed for or has publicly announced its intention to file for bankruptcy.] Headquarters or administrative offices of otherwise excluded businesses that serve a multi-state area may qualify in some cases. The average wage of the new jobs must equal or exceed the county average wage (as published by DED), and the company must offer health insurance and pay at least 50% of the premium for all full-time employees in Missouri.

- **Average Wage:** Total annual payroll of the new jobs divided by the average annual number of new jobs.

ELIGIBILITY CRITERIA

The business must create a minimum number of new jobs at the project facility prior to the "deadline" date, based on the type of project:

- **Small/Expanding businesses:**
 - Rural areas: **20** or more new jobs within two years of the date of DED's approval.
 - Non-rural areas: **40** or more new jobs within two years of the date of DED's approval.

**Non-rural areas include the counties of Boone, Buchanan, Clay, Greene, Jackson, St. Charles, and St. Louis city and county.*

- **Technology businesses** (classified by NAICS codes):
 - **10** or more new jobs within two years of the date of DED's approval.
- **High Impact businesses:**
 - **100** or more new jobs within two years of the date of the hiring of the first new job, and the first new job must be within one year of the date of DED's approval.

PROGRAM BENEFITS/ELIGIBLE USES

For "Small/Expanding" businesses, the benefit of the program is the retention of the state withholding tax of the new jobs.

For "Technology" and "High Impact" businesses, the benefits of the program are (a) the retention of the state withholding tax of the new jobs; and (b) state tax credits, which are refundable and/or sellable. The program benefits are based on a percentage of the payroll of the new jobs. The program benefits are not provided until the minimum new job threshold is met and the company meets the average wage and health insurance requirements.

This tax credit can be applied to Chapter 143 (state income tax, excluding

withholding tax) and Chapter 148 (financial institutions tax). Tax credits can only be applied to tax liability for the year in which they were earned. Any unused balance is refundable. The credits may also be transferred, sold or assigned.

The program benefits are calculated as follows:

Small/Expanding businesses:

Retain 100% of the withholding tax of the new jobs, each year for the benefit period of:

- **Three years** - if the average wage of new jobs is 100-119% of county average wage; or
- **Five years** - if the average wage of new jobs is at least 120% of county average wage.

Technology businesses:

5% of the payroll of the new jobs each year for five years; **plus:**

- "Average Wage Bonus"

- *Maximum annual tax credits per company are \$500,000. No limit on the withholding tax.*

High Impact businesses:

3% of the payroll of the new jobs each year for five years; **plus:**

- "Average Wage Bonus"
- "Local Incentives Bonus"

- *Maximum annual tax credits per company are \$750,000. No limit on the withholding tax.*

"Average Wage Bonus" (company average wage as a percentage of county average wage):

- Greater than 120% and up to 140%: $\frac{1}{2}$ % bonus of payroll of the new jobs.
- Greater than 140%: 1% bonus of payroll of the new jobs.

"Local Incentives Bonus" (amount of local incentives provided to the project as a percentage of the amount of new local tax revenues derived from the project, over 10 years):

- 10-24%: 1% bonus of payroll of the new jobs.
- 25-49%: 2% bonus of payroll of the new jobs.
- 50% or more: 3% bonus of payroll of the new jobs.

Each time the business meets the minimum new job threshold, it may start a new benefit period for the net new jobs created. There is no limit on the number of benefit periods a company may use the program, as long as a new Notice of Intent is completed and minimum new job thresholds and other program qualifications are met.

"New jobs" are defined as full-time (average 35 or more hours/week each year) employees of the company that are employed at the project facility, based on the increase from the "base employment" (the number of full-time jobs at the facility, or the average number for the twelve-month period prior to the Notice of Intent, whichever is higher, on the date DED receives the Notice of Intent). In the event the company (or a related company) reduced jobs at another facility in Missouri with related operations, the new jobs at the project facility would be reduced accordingly.

FUNDING LIMITS

There is no annual cap on the retained withholding taxes. Tax credits issued for the entire program shall not exceed \$40,000,000 per calendar year, and are provided on a first-come basis.

Revised November 2007

APPLICATION/APPROVAL PROCEDURE

An application ("Notice of Intent") may be submitted at any time of the year by the business to DED. Applications may be obtained at www.missouridevelopment.org. DED's approval will:

- Confirm that the type of project/business is eligible.
- Establish the date "base employment" is calculated.
- Reserve the estimated tax credits for the project.
- Establish the 2-year "deadline" date for the creation of the minimum new jobs to be eligible for the program.

REPORTING REQUIREMENTS

On an annual basis, the business must submit a report documenting the new jobs created, the total payroll, and confirming that the business meets the health insurance requirements for the new jobs. In the event that a company has not maintained the minimum program requirements, benefits will cease for the remainder of the benefit period. A high-impact project may continue as a small/expanding project as long as new jobs and other program requirements are met.

SPECIAL PROGRAM REQUIREMENTS

A business cannot earn benefits simultaneously at the project facility under this program if earning benefits under any of the following state programs:

- Missouri Enterprise Zone program or Enhanced Enterprise Zone program
- Business Facility program
- Rebuilding Communities program
- Brownfield Jobs and Investment tax credits

Special conditions apply when Quality Jobs is used at the same time as other programs that affect state withholding taxes (New Jobs Training, State TIF, MODESA).

Estimated state withholding taxes, based on adjusted gross income ("AGI"):

- AGI of \$19-25,000: 1.4%
- AGI of \$25-30,000: 2.3%
- AGI of \$30-35,000: 2.5%
- AGI of \$35-40,000: 2.7%
- AGI of \$40-50,000: 2.9%
- AGI of \$50-70,000: 3.1%
- AGI of \$70-85,000: 3.3%
- AGI of \$85-100,000: 3.4%
- AGI of \$100,000+: 3.7%

CONTACT

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E-mail: dedfin@ded.mo.gov • Web: www.missouridevelopment.org



County average wages (effective until 7/1/08):

Average county wages are based on Census of Employment and Wages, MERIC. Updates to be made annually. Use 2,080 hours per year when converting from annual to hourly wages.

County	Average Annual Wage	County	Average Annual Wage	County	Average Annual Wage
ADAIR	\$23,258	GREENE	\$31,529	OZARK	\$17,501
ANDREW	\$22,791	GRUNDY	\$25,550	PEMISCOT	\$23,651
ATCHISON	\$21,373	HARRISON	\$18,929	PERRY	\$27,626
AUDRAIN	\$28,635	HENRY	\$26,133	PETTIS	\$26,886
BARRY	\$28,000	HICKORY	\$17,348	PHELPS	\$25,603
BARTON	\$24,316	HOLT	\$23,410	PIKE	\$26,006
BATES	\$22,730	HOWARD	\$20,492	PLATTE	\$34,805
BENTON	\$19,620	HOWELL	\$24,661	POLK	\$22,671
BOLLINGER	\$21,283	IRON	\$33,974	PULASKI	\$21,982
BOONE	\$29,082	JACKSON	\$42,769	PUTNAM	\$19,030
BUCHANAN	\$31,947	JASPER	\$29,549	RALLS	\$29,897
BUTLER	\$24,734	JEFFERSON	\$28,432	RANDOLPH	\$26,825
CALDWELL	\$23,812	JOHNSON	\$24,866	RAY	\$23,688
CALLAWAY	\$32,596	KNOX	\$20,557	REYNOLDS	\$27,252
CAMDEN	\$25,102	LACLEDE	\$25,549	RIPLEY	\$17,804
CAPE GIRARDEAU	\$30,444	LAFAYETTE	\$23,415	ST CHARLES	\$36,148
CARROLL	\$23,233	LAWRENCE	\$24,158	ST. CLAIR	\$20,370
CARTER	\$16,701	LEWIS	\$23,470	STE. GENEVIEVE	\$31,066
CASS	\$27,571	LINCOLN	\$28,740	ST. FRANCOIS	\$23,699
CEDAR	\$19,570	LINN	\$25,081	ST LOUIS CO.	\$45,835
CHARITON	\$23,016	LIVINGSTON	\$25,183	SALINE	\$26,015
CHRISTIAN	\$24,127	MCDONALD	\$23,771	SCHUYLER	\$18,531
CLARK	\$19,464	MACON	\$22,987	SCOTLAND	\$19,395
CLAY	\$39,539	MADISON	\$22,197	SCOTT	\$25,456
CLINTON	\$24,681	MARIES	\$23,620	SHANNON	\$17,874
COLE	\$32,221	MARION	\$28,283	SHELBY	\$22,715
COOPER	\$26,107	MERCER	\$28,574	STODDARD	\$24,356
CRAWFORD	\$25,886	MILLER	\$24,570	STONE	\$22,604
DADE	\$22,562	MISSISSIPPI	\$23,393	SULLIVAN	\$28,953
DALLAS	\$19,083	MONITEAU	\$22,863	TANEY	\$23,399
DAVISS	\$21,001	MONROE	\$20,355	TEXAS	\$21,938
DEKALB	\$21,671	MONTGOMERY	\$23,636	VERNON	\$26,212
DENT	\$25,471	MORGAN	\$20,669	WARREN	\$28,277
DOUGLAS	\$23,247	NEW MADRID	\$33,485	WASHINGTON	\$21,341
DUNKLIN	\$23,395	NEWTON	\$32,259	WAYNE	\$18,972
FRANKLIN	\$30,327	NODAWAY	\$27,067	WEBSTER	\$24,325
GASCONADE	\$22,533	OREGON	\$19,687	WORTH	\$17,817
GENTRY	\$21,565	OSAGE	\$25,128	WRIGHT	\$21,756
				ST. LOUIS CITY	\$47,894

- Statewide average of \$37,379 applicable to any county over the statewide average when determining program eligibility.
- If a project is moving from one Missouri county to a county with a lower county average wage, the company must obtain endorsement from the governing body of the community where the jobs are located, or the higher county average wage will be used for calculations.

TAX CREDIT ANALYSIS

Program Name: Quality Jobs	Department: Economic Development	Date: November, 2007
Program Category: Business Recruitment	Type: Tax Credit <input checked="" type="checkbox"/> Other (specify) Also retention of withholding tax of new jobs	
Statutory Authority: 620.1875 to 620.1890, RSMo	Applicable Taxes: Income tax, Bank tax, Insurance premium tax, Other financial institutions tax	

Program Description and Eligibility Requirements:

For-profit and non-profit businesses except for gambling, retail trade, food and drinking places, public utilities, educational services, religious organizations, public administration, companies that are delinquent in non-protested taxes or other payments, or any company that has filed for or has publicly announced its intention to file for bankruptcy are eligible provided the average wage of the new jobs equals or exceeds the county average wage and the company offers health insurance and pays at least 50% of the premium. To qualify, the company must create a minimum number of new jobs at the project facility within 2 years.

Explanation of How Award is Computed:

Entitlement ☒ Discretionary ☐

The benefits of the program are the retention of 100% of the state withholding tax of the new jobs for 3 or 5 years for small/expanding businesses (20+ new jobs in rural areas and 40+ new jobs in non-rural areas); or a combination of the retention of 100% of the state withholding tax of the new jobs and state tax credits for 5 years for technology businesses (10+ new jobs) and high impact businesses (100+ new jobs), based on a percentage (from 3 to 7%, depending on the average wage of the new jobs and the amount of local incentives) of the payroll of the new jobs.

Program Cap: Cumulative \$ _____ (remainder of cumulative cap) \$ _____ Annual \$ 40 million _____ None _____

Explanation of cap: The cap increased from \$12 million to \$40 million in tax credits beginning Sept. 2007. Up to \$3 million of the cap may be used for job retention projects approved by the Quality Jobs Advisory Task Force, with no approvals after August 30, 2007. Up to \$500,000 of the cap may be used for small business job retention and flood relief projects, with no approvals after August 30, 2010. Tax credit maximums apply to technology and high impact business projects. There is no limit on the retention of withholding taxes.

Explanation of Expiration of Authority: No tax credits shall be issued for job retention projects approved after August 30, 2007.

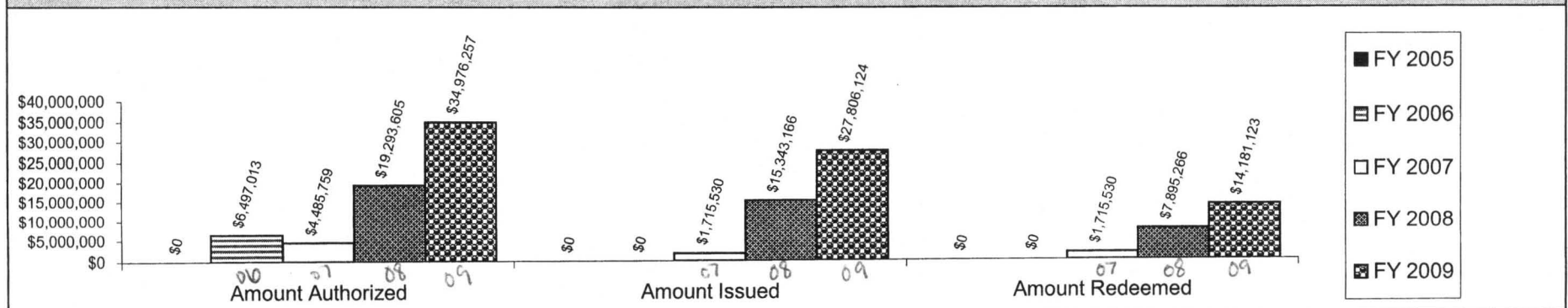
Specific Provisions: (if applicable)

Carry forward _____ years Carry Back _____ years Refundable ☒ Sellable/Assignable ☒ Additional Federal Deductions Available _____

Comments on Specific Provisions:

	FY 2005 ACTUAL	FY 2006 ACTUAL	FY 2007 ACTUAL	FY 2008 (current year)	FY 2009 (budget year)
Certificates Issued (#)	N/A	0	0	35	75
Projects (#)	N/A	0	15	50	90
Amount Authorized	N/A	\$6,497,013	\$4,485,759	\$19,293,605	\$34,976,257
Amount Issued	N/A	\$0	\$1,715,530	\$15,343,166	\$27,806,124
Amount Redeemed	N/A	\$0	\$1,715,530	\$7,895,266	\$14,181,123
EST. Amount Outstanding	N/A	N/A	\$0	N/A	N/A

HISTORICAL AND PROJECTED INFORMATION



Comments on Historical and Projected Information:

\$51,688,243 total was authorized in FY07 for 5 year period. \$6,497,013 total was authorized in FY06 for 5 year period.

TAX CREDIT ANALYSIS

Program Name: Quality Jobs	Department: Economic Development	Date: November, 2007
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BENEFIT: COST ANALYSIS (includes only state revenue impacts)

	FY 2007 ACTUAL	Other Fiscal Period (10 years)	
BENEFITS			Derivation of Benefits:
Direct Fiscal Benefits	\$14,903,031	\$314,158,261	Investment: \$682,978,078 in non-residential investment spending between 2007-2013.
Indirect Fiscal Benefits	\$11,025,032	\$232,409,428	Employment: 8,431 jobs (0 displaced) in advanced technology and high impact industries between 2007-2016.
Total	\$25,928,063	\$546,567,689	Incentives/Credits: \$51,688,243 in authorized MQJ incentives [\$9,376,128 (18.1%) in tax credit incentives and \$42,312,115 (81.9%) in withholding tax incentives].
COSTS			Impacts occur in the Statewide Region. Assumptions provided by DED. Estimated using REMI-9-Regional Model (remi-fiscal-9-jul07).
Direct Fiscal Costs	\$4,604,267	\$47,966,557	
Indirect Fiscal Costs	\$0	\$0	
Total	\$4,604,267	\$47,966,557	
BENEFIT: COST	5.63	11.39	

Other Benefits:

In FY-2007, every dollar of authorized program tax incentives returns

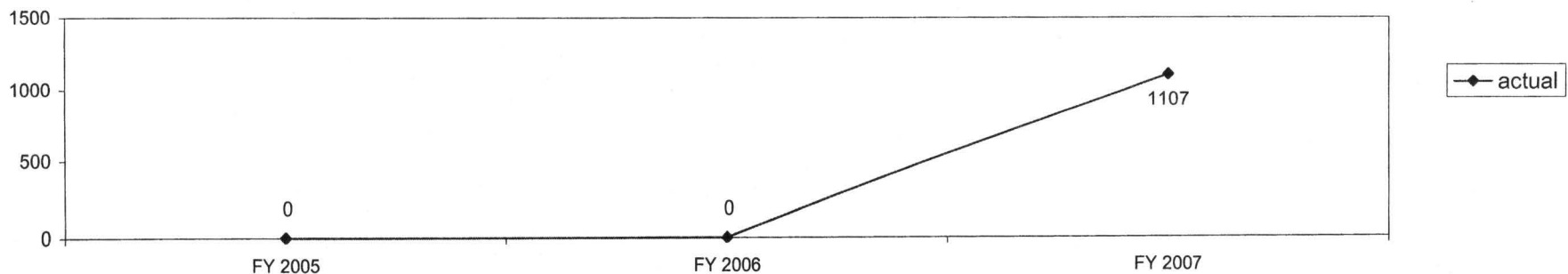
\$66.79 in new personal income totaling	\$307.50 million
\$154.04 in new value-added/GSP totaling	\$709.25 million
\$289.06 in new economic output totaling	\$1,330.90 million

Over 10 YEARS, every dollar of authorized program tax incentives returns

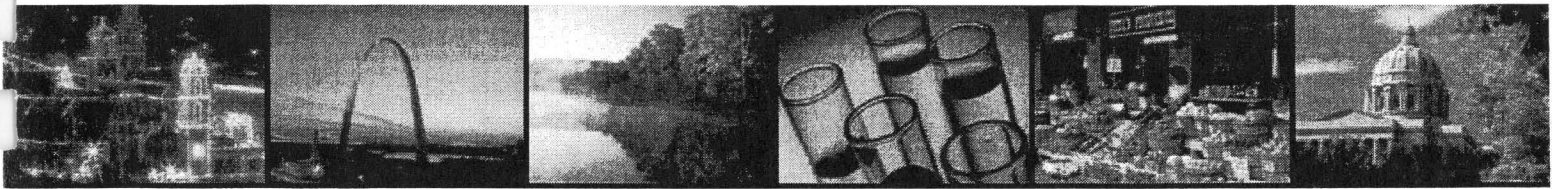
\$752.14 in new personal income totaling	\$7,521.42 million
\$1,676.84 in value-added/GSP totaling	\$16,768.36 million
\$3,024.86 in new economic output totaling	\$30,248.61 million

PERFORMANCE MEASURE(S)

Permanent New Jobs Created



Comments on Performance Measure:



REBUILDING COMMUNITIES TAX CREDIT PROGRAM

MISSOURI DEPARTMENT OF ECONOMIC DEVELOPMENT

PURPOSE

To stimulate business activity in Missouri's "distressed communities" by providing tax credits to eligible businesses that locate, relocate or expand their business within a distressed community.

AUTHORIZATION

Section 135.535, RSMo.

ELIGIBLE AREAS

Distressed communities only. For a list of cities and census block groups that are "distressed communities," visit DED's web site or call 573-751-0717.

ELIGIBLE APPLICANTS

Businesses that locate, relocate or expand their business within a distressed area or distressed Missouri community.

ELIGIBILITY CRITERIA

- Must have more than 75% of its employees at the facility in the distressed community.
- Must have fewer than 100 employees total at all facilities nationwide (before commencing operations or relocating).
- Primarily engaged in manufacturing, biomedical, medical devices, scientific research, animal research, computer software design or development, computer programming (including Internet, web hosting, and other information technology), telecommunications (wireless, wired or other), or a professional firm.

CATEGORIES OF BUSINESS:

NEW OR RELOCATING BUSINESSES

Eligible new or relocating businesses may choose one of the 40% Tax Credits and the employees may receive the 1.5% Employee Tax Credit.

EXISTING BUSINESSES

Eligible businesses already located in a distressed community may be eligible for the 25% Equipment Tax Credit. Existing businesses that double the number of full time employees in the distressed community from the previous year, may choose one of the 40% Tax Credits.

TAX BENEFITS AVAILABLE:

40% INCOME TAX CREDIT:

State tax credit based on 40% of the amount of state income tax owed by the business.

40% EQUIPMENT TAX CREDIT:

State tax credit based on 40% of the amount of funds expended for computer equipment and its maintenance, medical laboratories and equipment, research laboratory equipment, manufacturing equipment, fiber optic equipment, high-speed telecommunications, wiring or software development expense in the calendar year.

1.5% EMPLOYEE TAX CREDIT:

Employees of an eligible business may receive a tax credit against state individual income tax equal to 1.5% of their gross annual salary paid at the project facility. The business must receive one of the 40% Tax Credits each year for the employees to be eligible for this credit.

25% EQUIPMENT TAX CREDIT:

State tax credit based on 25% of the amount of funds expended for eligible equipment in a taxable year that exceeds the average of the prior two years' expenditures for such equipment. Eligible expenditures include: computer equipment and its maintenance, medical laboratories and equipment, research laboratory equipment, manufacturing equipment, fiber optic equipment, high-speed telecommunications, wiring and software development.

PROGRAM BENEFITS/ELIGIBLE USES

The 40% Income Tax Credits and the 25% and 40% Equipment Tax Credits can be applied to:

- Ch. 143 – Income tax, excluding withholding tax
- Ch. 147 – Corporate franchise tax
- Ch. 148 –
 - Bank Tax
 - Insurance Premium Tax
 - Other Financial Institution Tax

And have these special attributes:

- Carry back 3 years
- Carry forward 5 years
- Sellable or transferable

The 1.5% Individual Tax Credit can be applied to:

- Ch. 143 – Individual income tax

And has this special attribute:

- Sellable or transferable

Revised November 2007

FUNDING LIMITS

PROGRAM LIMIT:

- All credits: \$8 million/year
- 25% Equipment Tax Credits: \$750,000/year

PER BUSINESS LIMIT:

- 40% Income Tax Credit: \$125,000/year
- 25% and 40% Equipment Tax Credits: \$75,000/year

ELIGIBILITY PERIOD:

- 40% Equipment Tax Credit: Year of commencement of operations plus three calendar years thereafter
- 40% Income Tax Credit: Three tax years after the year of commencement of operations
- 1.5% Employee Tax Credit: Three tax years after commencement of operations

APPLICATION/APPROVAL PROCEDURE

- New or relocating businesses should submit a Pre-Application to DED prior to commencing operations in the distressed community.
- Businesses applying for the 25% Equipment Tax Credit should submit a Pre-Application for each year that they intend to request tax credits.
- Applications for tax credits must be submitted to DED prior to February 15th of the calendar year following the year in which the credits were earned.
- Tax credits will be issued on a first-come, first served basis.

REPORTING REQUIREMENTS

The "Tax Credit Accountability Act" reporting form must be submitted to DED by June 30 each year for three years following the year of the first issuance of tax credits.

SPECIAL PROGRAM REQUIREMENTS

A business can only earn the 40% Tax Credits under this program for one eligibility period.

No business can earn credits under this program if earning Missouri Quality Jobs, Enterprise Zone, Enhanced Enterprise Zone, Business Facility or Brownfield Jobs and Investment Tax Credits for the same project for the same tax period. If a project is eligible for more than one such program, the business must choose only one program.

CONTACT

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MISSOURI
DEPARTMENT OF ECONOMIC DEVELOPMENT

TAX CREDIT ANALYSIS

Program Name: Rebuilding Communities	Department: Economic Development	Date: November, 2007
Program Category: Business Recruitment	Type: Tax Credit <input checked="" type="checkbox"/> Other (specify) _____	
Statutory Authority: 135.535, RSMo	Applicable Taxes: Income tax, Corporate franchise tax, Bank tax, Insurance premium tax, Other financial institutions tax	

Program Description and Eligibility Requirements:

Provides a tax credit for eligible businesses locating, relocating or expanding within a distressed community. A business must have fewer than 100 full-time employees, 75% of which must be located in the distressed community, and be primarily engaged in manufacturing, biomedical, medical devices, scientific research, animal research, computer software design or development, computer programming, including Internet, web hosting, and other information technology, wireless or wired or other telecommunications or a professional firm.

Explanation of How Award is Computed:

Entitlement ☒ Discretionary _____

The tax credit is equal to either 40% or 25% of eligible equipment purchases, depending on whether the business is new or existing, or 40% of state income taxes due. A 1.5% employee tax credit is also available to businesses who receive one of the 40% credits and is based on an employee's gross salary. The 40% income tax credit is limited to \$125,000 per year for three years. The 40% and 25% equipment credits are limited to \$75,000 per year for four years.

Program Cap: Cumulative \$ _____ (remainder of cumulative cap) \$ _____ Annual \$ 8 million _____ None _____

Explanation of cap: Total credits issued under this program may not exceed \$8 million per year. The 25% equipment credits are further limited to \$750,000 per year.

Explanation of Expiration of Authority:

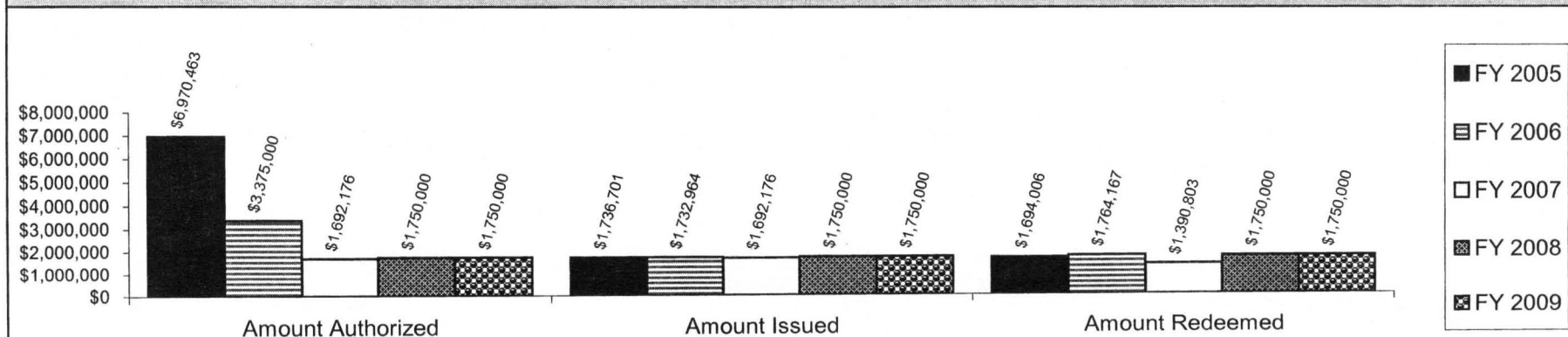
Specific Provisions: (if applicable)

Carry forward 5 years Carry Back 3 years Refundable _____ Sellable/Assignable ☒ Additional Federal Deductions Available _____

Comments on Specific Provisions: The 1.5% employee credits are sellable/assignable only.

	FY 2005 ACTUAL	FY 2006 ACTUAL	FY 2007 ACTUAL	FY 2008 (current year)	FY 2009 (budget year)
Certificates Issued (#)	563	433	690	600	600
Projects (#)	36	44	50	55	55
Amount Authorized	\$6,970,463	\$3,375,000	\$1,692,176	\$1,750,000	\$1,750,000
Amount Issued	\$1,736,701	\$1,732,964	\$1,692,176	\$1,750,000	\$1,750,000
Amount Redeemed	\$1,694,006	\$1,764,167	\$1,390,803	\$1,750,000	\$1,750,000
EST. Amount Outstanding	N/A	N/A	\$760,875	N/A	N/A

HISTORICAL AND PROJECTED INFORMATION



Comments on Historical and Projected Information:

TAX CREDIT ANALYSIS

Program Name: Rebuilding Communities			Department: Economic Development	Date: November, 2007								
BENEFIT: COST ANALYSIS (includes only state revenue impacts)												
	FY 2007 ACTUAL	Other Fiscal Period (5 years)	Derivation of Benefits: Investment: (a) \$3,915,632 in investment spending for producer's durable equipment in 2007. Employment: n/a. Other Assumptions: (a) Estimated industry sales of \$16,152,107 based on capital/output ratio of investment in misc. manufacturing and professional/tech. services between 2008-2011. Incentives/Credits: (a) \$1,692,176 of authorized tax credits in 2007. Impacts occur in the Statewide Region. Assumptions provided by DED. Estimated using REMI-9-Regional Model (remi-fiscal-9-jul07).									
BENEFITS												
Direct Fiscal Benefits	\$59,072	\$716,623										
Indirect Fiscal Benefits	\$30,528	\$370,347										
Total	\$89,600	\$1,086,970										
COSTS												
Direct Fiscal Costs	\$1,692,176	\$1,692,176										
Indirect Fiscal Costs												
Total	\$1,692,176	\$1,692,176										
BENEFIT: COST	0.05	0.64										
Other Benefits: In FY-2007, every dollar of authorized program tax credits returns \$0.40 in new personal income totaling \$0.67 million \$0.71 in new value-added/GSP totaling \$1.21 million \$1.29 in new economic output totaling \$2.18 million Over 5 YEARS, every dollar of authorized program tax credit returns \$1.57 in new personal income totaling \$7.85 million \$11.02 in new value-added/GSP totaling \$55.09 million \$18.68 in new economic output totaling \$93.42 million												
PERFORMANCE MEASURE(S)												
New Investment												
<table><thead><tr><th>Fiscal Year</th><th>Investment (\$)</th></tr></thead><tbody><tr><td>FY 2005</td><td>\$4,049,256</td></tr><tr><td>FY 2006</td><td>\$2,974,595</td></tr><tr><td>FY 2007</td><td>\$2,571,560</td></tr></tbody></table>					Fiscal Year	Investment (\$)	FY 2005	\$4,049,256	FY 2006	\$2,974,595	FY 2007	\$2,571,560
Fiscal Year	Investment (\$)											
FY 2005	\$4,049,256											
FY 2006	\$2,974,595											
FY 2007	\$2,571,560											
Comments on Performance Measure:												

RESEARCH TAX CREDIT PROGRAM

EXPIRED DECEMBER 31, 2004
MISSOURI DEPARTMENT OF ECONOMIC DEVELOPMENT

PURPOSE

To induce existing businesses to increase their research efforts in Missouri by offering tax credits.

AUTHORIZATION

Section 620.1039, RSMo

HOW THE PROGRAM WORKS

The Department of Economic Development (DED) may issue a state tax credit to an individual, partnership or corporation for conducting qualified research in the state.

ELIGIBLE AREAS

Statewide.

ELIGIBLE APPLICANTS

Any individual, partnership, or corporation may apply for a tax credit up to 6½% of its qualified research expenses incurred in Missouri.

“Qualified research expense” has the same meaning as set forth in federal law at 26 U.S.C. §41.

ELIGIBLE USE OF TAX CREDITS

This tax credit can be applied to:

- ✓ Ch. 143 – Income tax, excluding withholding tax
- ✓ Ch. 148 –
 - ✓ Bank Tax
 - ✓ Insurance Premium Tax
 - ✓ Other Financial Institution Tax

This credit’s special attributes:

- ✓ Carryforward 5 years

APPLICATION PROCEDURE

A qualifying business is required to file an application with DED for approval and certification. The application for claiming research expense tax credits must be filed no later than the taxpayer’s tax period immediately following the tax period during which expenses were incurred.

FUNDING LIMITS

The total amount of all tax credits issued cannot exceed \$10 million annually.

SPECIAL PROGRAM REQUIREMENTS

The research expenses for the claim year must exceed the average amount of qualified research expenses incurred in Missouri during the preceding three tax years.

The amount of qualified research expenses for which tax credits may apply cannot exceed 200% of the taxpayer’s average qualified research expenses incurred during the three-year period immediately prior to the claim year.

TAX CREDIT ANALYSIS

Program Name: Qualified Research Expense Tax Credit Program	Department: Economic Development	Date: November, 2007
Program Category: Entrepreneurial	Type: Tax Credit <input checked="" type="checkbox"/> Other (specify) _____	
Statutory Authority: 620.1039, RSMo	Applicable Taxes: Income tax, Bank tax, Insurance premium tax, Other financial institutions tax	

Program Description and Eligibility Requirements:
 An individual, partnership or corporation conducting qualified research in the state is eligible. Taxpayer must have incurred qualified research expenditures in Missouri for at least one prior tax period.

Explanation of How Award is Computed: Entitlement _____ Discretionary ☒
 The tax credit is equal to up to 6.5% of qualified research expenses above the average qualified research expenses incurred in Missouri during the preceding three tax years. Tax credits are not allowed on any expenditures exceeding 200% of the three year average.

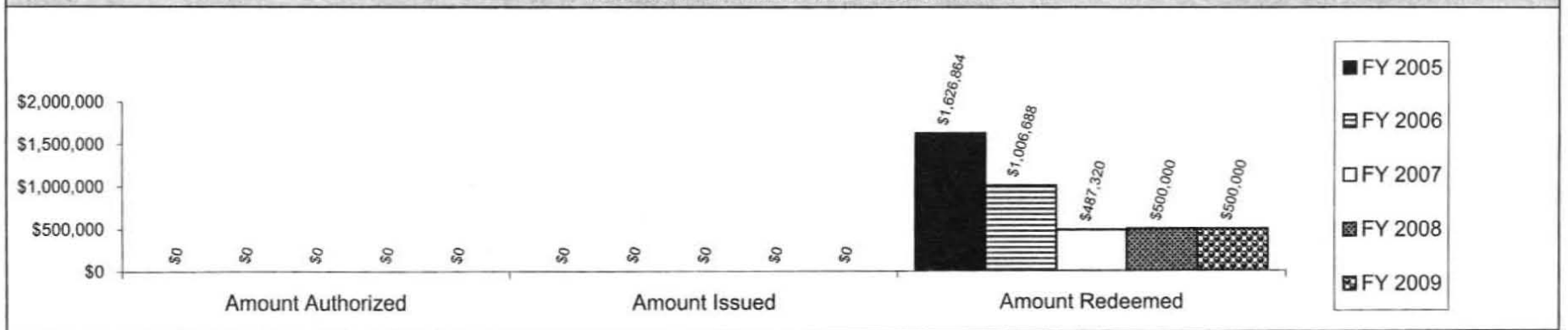
Program Cap: Cumulative \$ _____ (remainder of cumulative cap) \$ _____ Annual \$ 10 million _____ None _____
Explanation of cap:

Explanation of Expiration of Authority: For all tax years beginning on or after January 1, 2005, no tax credits shall be approved, awarded or issued to any person or entity claiming any tax credit under this program. SB 1155 (2004)

Specific Provisions: (if applicable)
 Carry forward 5 years Carry Back _____ years Refundable _____ Sellable/Assignable _____ Additional Federal Deductions Available _____
Comments on Specific Provisions:

	FY 2005 ACTUAL	FY 2006 ACTUAL	FY 2007 ACTUAL	FY 2008 (current year)	FY 2009 (budget year)
Certificates Issued (#)	0	0	0	0	0
Projects (#)	0	0	0	0	0
Amount Authorized	\$0	\$0	\$0	\$0	\$0
Amount Issued	\$0	\$0	\$0	\$0	\$0
Amount Redeemed	\$1,626,864	\$1,006,688	\$487,320	\$500,000	\$500,000
EST. Amount Outstanding	N/A	N/A	\$4,329,753	N/A	N/A

HISTORICAL AND PROJECTED INFORMATION



TAX CREDIT ANALYSIS

Program Name: Qualified Research Expense Tax Credit Program		Department: Economic Development	Date: November, 2007
Comments on Historical and Projected Information:			
BENEFIT: COST ANALYSIS (includes only state revenue impacts)			
	FY 2007 ACTUAL	Other Fiscal Period (indicated time period)	Derivation of Benefits:
BENEFITS			No new economic activity.
Direct Fiscal Benefits			
Indirect Fiscal Benefits			
Total			
COSTS			
Direct Fiscal Costs			
Indirect Fiscal Costs			
Total			
BENEFIT: COST	#DIV/0!	#DIV/0!	
Other Benefits:			
PERFORMANCE MEASURE(S)			

SEED CAPITAL TAX CREDIT PROGRAM

Cumulative Cap Exhausted
MISSOURI DEPARTMENT OF ECONOMIC DEVELOPMENT

PURPOSE

To stimulate investment in new or young Missouri companies to fund the research, development and subsequent pre-commercialization phases of new, innovative products or services.

AUTHORIZATION

Sections 348.300 - 348.318 RSMo.

HOW THE PROGRAM WORKS

The Department of Economic Development (DED) will issue a state tax credit to an individual, partnership or corporation who contributes to a qualified "Seed" fund established by a qualified Economic Development Organization (EDO).

ELIGIBLE AREAS

Eligible "distressed communities" in Missouri.

ELIGIBLE APPLICANTS

Any taxpayer who makes a qualified contribution to a qualified "seed" fund shall be entitled to receive a tax credit equal to 50% of the amount of the contribution.

ELIGIBLE USE OF TAX CREDITS

The tax credits may be used to offset Missouri tax liability incurred pursuant to chapter 143, RSMo, chapter 147, RSMo, chapter 148, RSMo, exclusive of tax as provided for in sections 143.191 to 143.265, RSMo. The tax credits can be used in the tax period during which the contribution was made or in the next ten tax periods thereafter.

All tax credits authorized under the provisions of this section may be transferred, sold or assigned.

APPLICATION PROCEDURE

The contributor must submit Missouri Form 348-3, "Application for Requesting Certificate of Qualified Contribution Tax Credits," to DED.

APPROVAL METHOD

There are no deadlines; however, this program is based on first-come submission. DED will issue a tax credit certificate authorizing the applicant to claim the tax credits.

FUNDING LIMITS

The aggregate of all tax credits authorized under Section 348.300 – 348.318, RSMo shall not exceed 9 million dollars. No person shall receive by issuance, transfer or assignment, certificates of tax credit in an amount in excess of 1 million dollars.

SPECIAL PROGRAM REQUIREMENTS

Projects are evaluated on a case-by-case basis by a qualified Economic Development Organization (EDO). An EDO is any corporation organized under the provisions of chapter 355, RSMo, which have obtained a contract with the DED to operate an innovation center to promote, assist, and coordinate the research and development of new services, products or processes in the state of Missouri.

The President of the qualified EDO for tax credits must sign the request before tax credits are authorized.

QUALIFIED EDOs

Missouri Innovation Center
5650A South Sinclair Rd.
Columbia, MO 65203-9496
573-446-3100

Center for Emerging Technology
4041 Forest Park Avenue
St. Louis, MO 63108
314-615-6903

The Center for Business Innovation
4747 Troost
Kansas City, MO 64110
816-561-8567

MO Enterprise Center
800 W. 14th St., Suite 111
Rolla, MO 65401
573-364-6323

Cumulative Cap Exhausted

TAX CREDIT ANALYSIS

Program Name: Seed Capital Credit	Department: Economic Development	Date: November, 2007
Program Category: Entrepreneurial	Type: Tax Credit <input checked="" type="checkbox"/> Other (specify) _____	
Statutory Authority: 348.300 to 348.318, RSMo	Applicable Taxes: Income tax, Corporate franchise tax, Bank tax, Insurance premium tax, Other financial institutions tax	

Program Description and Eligibility Requirements:
 Tax credit for contributions to a qualified fund. Projects are evaluated by a qualified Innovation Center contracted with DED. The project must be located in a distressed community in Missouri.

Explanation of How Award is Computed: Entitlement ☒ Discretionary _____
 The tax credit is equal to 50% of the contribution.

Program Cap: Cumulative \$ 9 million _____ (remainder of cumulative cap) \$ _____ Annual \$ _____ None _____
Explanation of cap: Cumulative cap exhausted.

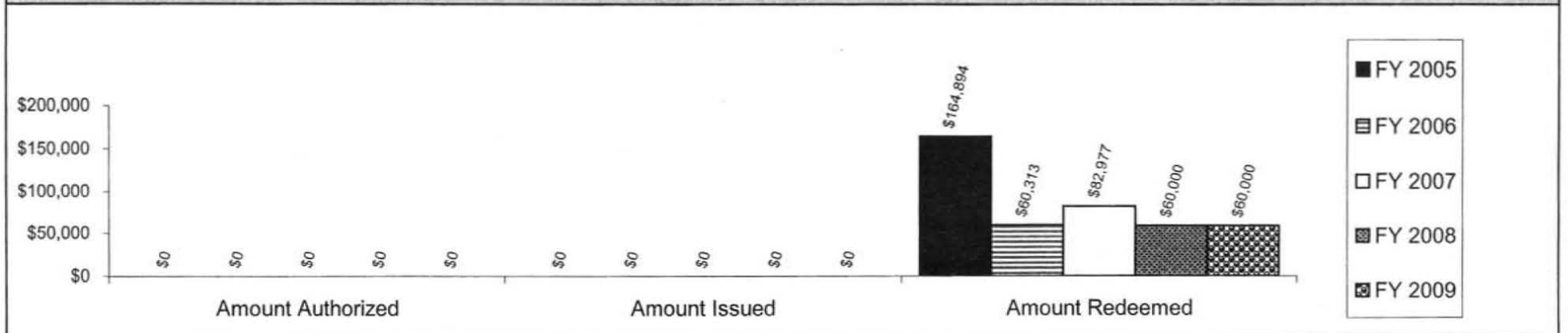
Explanation of Expiration of Authority:

Specific Provisions: (if applicable)
 Carry forward 10 years Carry Back _____ years Refundable _____ Sellable/Assignable ☒ Additional Federal Deductions Available _____

Comments on Specific Provisions:

	FY 2005 ACTUAL	FY 2006 ACTUAL	FY 2007 ACTUAL	FY 2008 (current year)	FY 2009 (budget year)
Certificates Issued (#)	N/A	N/A	N/A	N/A	N/A
Projects (#)	N/A	N/A	N/A	N/A	N/A
Amount Authorized	Cumulative Cap Exhausted	Cumulative Cap Exhausted	Cumulative Cap Exhausted	Cumulative Cap Exhausted	Cumulative Cap Exhausted
Amount Issued	Cumulative Cap Exhausted	Cumulative Cap Exhausted	Cumulative Cap Exhausted	Cumulative Cap Exhausted	Cumulative Cap Exhausted
Amount Redeemed	\$164,894	\$60,313	\$82,977	\$60,000	\$60,000
EST. Amount Outstanding	N/A	N/A	\$194,051	N/A	N/A

HISTORICAL AND PROJECTED INFORMATION



TAX CREDIT ANALYSIS

Program Name: Seed Capital Credit		Department: Economic Development		Date: November, 2007
Comments on Historical and Projected Information:				
BENEFIT: COST ANALYSIS (includes only state revenue impacts)				
	FY 2007 ACTUAL	Other Fiscal Period (indicated time period)	Derivation of Benefits:	
BENEFITS			No new economic activity.	
Direct Fiscal Benefits				
Indirect Fiscal Benefits				
Total				
COSTS				
Direct Fiscal Costs				
Indirect Fiscal Costs				
Total				
BENEFIT: COST	#DIV/0!	#DIV/0!		
Other Benefits:				

TRANSPORTATION DEVELOPMENT TAX CREDIT PROGRAM

MISSOURI DEPARTMENT OF ECONOMIC DEVELOPMENT

PURPOSE

Provide an incentive for investments in or contributions to transportation development in "distressed communities" in the state.

✓ Other Financial Institution Tax
This credit's special attributes:

- ✓ Carryback 3 years
- ✓ Carryforward 10 years
- ✓ Sellable or transferable

AUTHORIZATION

Section 135.545, RSMo

ELIGIBLE AREAS

Distressed Communities only. For a list of cities and census block groups that are "distressed communities," visit the department's web site.

HOW THE PROGRAM WORKS

A company or individual may receive a state tax credit for 50% of:

- a contribution to a public entity for eligible activities; or
- an investment in an eligible activity.

ELIGIBLE ACTIVITIES

- Aviation (airport development by public entities);
- Mass transportation (including parking facilities for users of mass transportation);
- Railroads (not including rolling stock that will travel out of the eligible area);
- Ports (public improvements within ports, including parking facilities and limited access roads within ports);
- Waterborne transportation (must be entirely in the eligible area);
- Bicycle and pedestrian paths; or
- Rolling stock (for public transportation).

ELIGIBLE USE OF TAX CREDITS

This tax credit can be applied to:

- ✓ Ch. 143 – Income tax, excluding withholding tax
- ✓ Ch. 147 – Corporate franchise tax
- ✓ Ch. 148 –
 - ✓ Bank Tax
 - ✓ Insurance Premium Tax

APPLICATION PROCEDURE/APPROVAL METHOD

The investment must be part of a development plan approved by the appropriate local agency and DED.

No costs may be incurred or contributions made prior to the approval of the request by DED. There is no deadline for the submission of applications but funding is on a first-come basis, based on the date of the submission of the application.

FUNDING LIMITS

Individual projects are limited to \$3 million in tax credits per year. All projects are limited to \$10 million per calendar year.

TAX CREDIT ANALYSIS

Program Name: Transportation Development	Department: Economic Development	Date: November, 2007
Program Category: Community Development	Type: Tax Credit <input checked="" type="checkbox"/> Other (specify) _____	
Statutory Authority: 135.545, RSMo	Applicable Taxes: Income tax, Corporate franchise tax, Bank tax, Insurance premium tax, Other financial institutions tax	

Program Description and Eligibility Requirements:

Transportation Development awards 50% credits to non-profits doing transportation development in aviation, mass transportation, railroads, ports, waterborne transportation, or rolling stock, where the proposed activities are part of a local development plan and located in a distressed area. Individuals, businesses and corporations having tax liability in Missouri are eligible to receive tax credits for qualified donations to approved Transportation projects.

Explanation of How Award is Computed:

Entitlement ☒ Discretionary _____

Credits are awarded based on an open cycle and are awarded at 50% of the approved contribution to or investment in an eligible project.

Program Cap: Cumulative \$ _____ (remainder of cumulative cap) \$ _____ Annual \$ 10 million _____ None _____

Explanation of cap: SB 155 (2004) -- 135.546 -- No new projects can be approved after December 31, 2004; no credits can be issued after December 31, 2006

Explanation of Expiration of Authority:

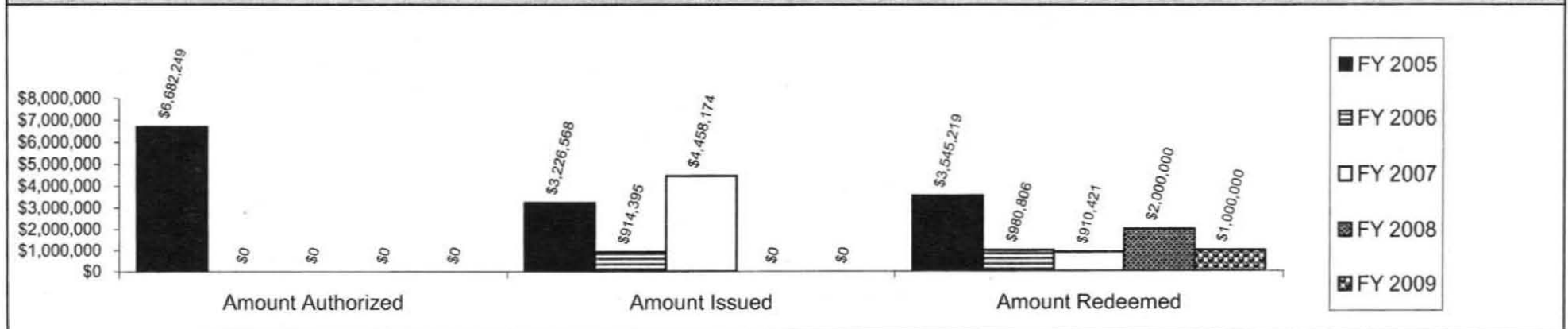
Specific Provisions: (if applicable)

Carry forward 10 years Carry Back 3 years Refundable _____ Sellable/Assignable ☒ Additional Federal Deductions Available _____

Comments on Specific Provisions:

	FY 2005 ACTUAL	FY 2006 ACTUAL	FY 2007 ACTUAL	FY 2008 (current year)	FY 2009 (budget year)
Certificates Issued (#)		96	3	0	0
Projects (#)	4	0	0	0	0
Amount Authorized	\$6,682,249	\$0	\$0	\$0	\$0
Amount Issued	\$3,226,568	\$914,395	\$4,458,174	\$0	\$0
Amount Redeemed	\$3,545,219	\$980,806	\$910,421	\$2,000,000	\$1,000,000
EST. Amount Outstanding	N/A	N/A	\$5,076,432	N/A	N/A

HISTORICAL AND PROJECTED INFORMATION



Comments on Historical and Projected Information:

TAX CREDIT ANALYSIS

Program Name: Transportation Development		Department: Economic Development		Date: November, 2007
BENEFIT: COST ANALYSIS (includes only state revenue impacts)				
	FY 2007 ACTUAL	Other Fiscal Period	Derivation of Benefits: No new authorizations in 2007.	
BENEFITS				
Direct Fiscal Benefits				
Indirect Fiscal Benefits				
Total				
COSTS				
Direct Fiscal Costs				
Indirect Fiscal Costs				
Total				
BENEFIT: COST	#DIV/0!	#DIV/0!		



WINE & GRAPE PRODUCTION TAX CREDIT PROGRAM

MISSOURI DEPARTMENT OF ECONOMIC DEVELOPMENT

PURPOSE

Assist vineyards and wine producers with the purchase of new equipment and materials by granting a tax credit for a portion of the purchase price.

The Missouri Department of Economic Development (DED), will issue a state tax credit to an individual, partnership or corporation in an amount equal to 25% of the purchase price of new equipment and materials used directly in the growing of grapes or the production of wine in Missouri.

AUTHORIZATION

Section 135.700, RSMo

ELIGIBLE AREAS

Statewide.

ELIGIBLE APPLICANTS

Missouri individuals or businesses.

ELIGIBILITY CRITERIA

An individual or business must be actively involved in the production of wine or the growing of grapes in the state of Missouri.

PROGRAM BENEFITS/ELIGIBLE USES

This tax credit can be applied to:

- Ch. 143 – Income tax, excluding withholding tax

This credit has no special attributes. It must be applied to tax liability for the year it was earned.

APPLICATION/APPROVAL PROCEDURE

An application must be filed with DED. There are no deadlines. DED will issue a tax credit certificate authorizing the applicant to claim the tax credits.

REPORTING REQUIREMENTS

The "Tax Credit Accountability Act" reporting form must be submitted to DED by June 30 each year for three years following the year of the first issuance of tax credits.

The Agricultural Category of tax credits, which includes the Wine and Grape Production program, requires recipients to annually report to DED for three (3) years following the date of issuance of the tax credits, the following information:

- Type of agricultural commodity
- Amount of contribution
- Type of equipment purchased
- Name and description of facility, except that if the agricultural credit is issued as a result of a producer member investing in a new generation processing entity, then the new generation processing entity, and not the recipient, shall annually, for a period of three years following the issuance of tax credits provide the information.

SPECIAL PROGRAM REQUIREMENTS

Equipment and materials must be new purchases. The purchase price is the selling price of the new equipment and materials, excluding sales tax, delivery cost, shipping and handling costs, installation costs, and other unrelated costs.

The new equipment and materials must be:

- Used on land owned or leased for the purpose of producing wine or growing grapes; and
- Used directly in the production of wine or growing of grapes in the state of Missouri.

The new equipment and materials will be considered used directly based upon:

- Where the item in question is used;
- When the item in question is used; and
- How the item in question is used to produce wine or grow grapes.

CONTACT

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Division of Business and Community Services • Finance Management Team

301 West High Street • Room 770 • P.O. Box 118

Jefferson City • MO • 65102

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MISSOURI
DEPARTMENT OF ECONOMIC DEVELOPMENT

Revised November 2007

TAX CREDIT ANALYSIS

Program Name: Wine Producers and Grape Growers	Department: Economic Development	Date: November, 2007
Program Category: Agricultural	Type: Tax Credit <input checked="" type="checkbox"/> Other (specify) _____	
Statutory Authority: 135.700, RSMo	Applicable Taxes: Income tax	

Program Description and Eligibility Requirements:

Any grape grower or wine producer within the state can claim an income tax credit for a percentage of the purchase price of all new equipment and materials used directly in growing grapes or producing wine within the state. Taxpayers may apply annually for up to five years.

Explanation of How Award is Computed:

Entitlement ☒ Discretionary _____

The tax credit is equal to 25% of the purchase price of all new equipment and materials used directly in growing grapes or producing wine.

Program Cap: Cumulative \$ _____ (remainder of cumulative cap) \$ _____ Annual \$ _____ None ☒

Explanation of cap:

Explanation of Expiration of Authority:

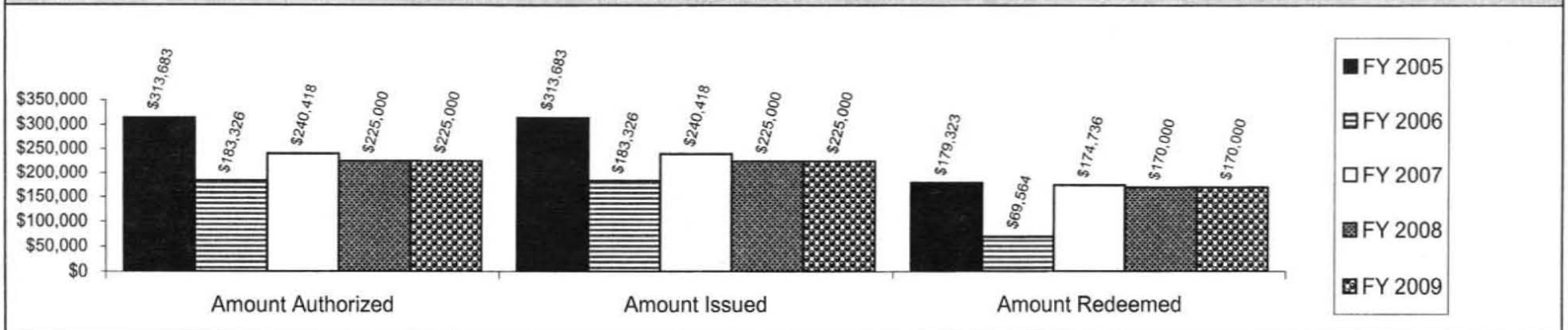
Specific Provisions: (if applicable)

Carry forward _____ years Carry Back _____ years Refundable _____ Sellable/Assignable _____ Additional Federal Deductions Available _____

Comments on Specific Provisions: This credit has not special attributes and must be applied to tax liability for the year it was earned.

	FY 2005 ACTUAL	FY 2006 ACTUAL	FY 2007 ACTUAL	FY 2008 (current year)	FY 2009 (budget year)
Certificates Issued (#)	41	22	41	40	40
Projects (#)	39	22	41	40	40
Amount Authorized	\$313,683	\$183,326	\$240,418	\$225,000	\$225,000
Amount Issued	\$313,683	\$183,326	\$240,418	\$225,000	\$225,000
Amount Redeemed	\$179,323	\$69,564	\$174,736	\$170,000	\$170,000
EST. Amount Outstanding	N/A	N/A	\$65,682	N/A	N/A

HISTORICAL AND PROJECTED INFORMATION



TAX CREDIT ANALYSIS

Program Name: Wine Producers and Grape Growers	Department: Economic Development	Date: November, 2007
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Comments on Historical and Projected Information:

BENEFIT: COST ANALYSIS (includes only state revenue impacts)

	FY 2007 ACTUAL	Other Fiscal Period (5 years)	Derivation of Benefits:
BENEFITS			Investment: \$961,670 in durable equipment spending in 2007.
Direct Fiscal Benefits	\$12,763	\$183,736	Employment: n/a
Indirect Fiscal Benefits	\$7,405	\$106,593	Other Assumptions: Estimated industry sales of \$7.76M based on capital/output ratio of new equipment investment between 2008-2011.
Total	\$20,168	\$290,329	Incentives/Credits: \$240,418 in authorized Wine and Grape tax credits.
COSTS			Impacts occur in the Statewide Region. Assumptions provided by DED. Estimated using REMI-9-Regional Model (remi-fiscal-9-jul07).
Direct Fiscal Costs	\$240,418	\$240,418	
Indirect Fiscal Costs			
Total	\$240,418	\$240,418	
BENEFIT: COST	0.08	1.21	

Other Benefits:

In FY-2007, every dollar of authorized program tax credits returns

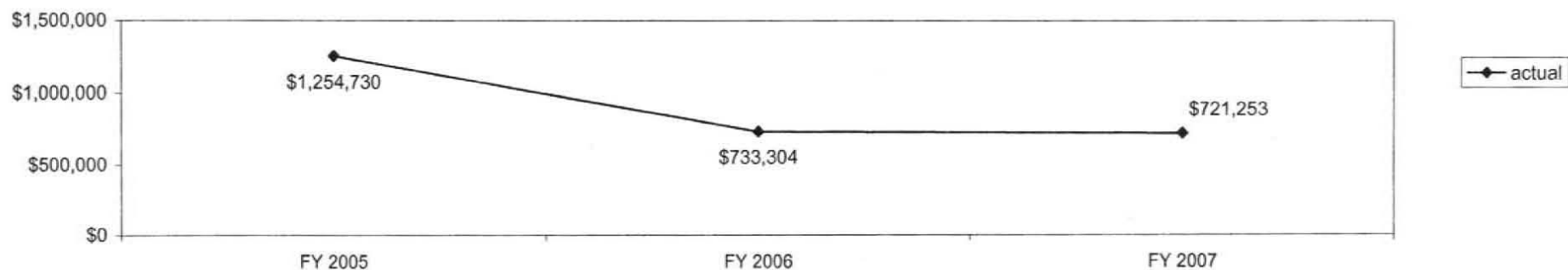
\$0.57 in new personal income totaling	\$0.14 million
\$1.15 in new value-added/GSP totaling	\$0.28 million
\$2.59 in new economic output totaling	\$0.62 million

Over 5 YEARS, every dollar of authorized program tax credits returns

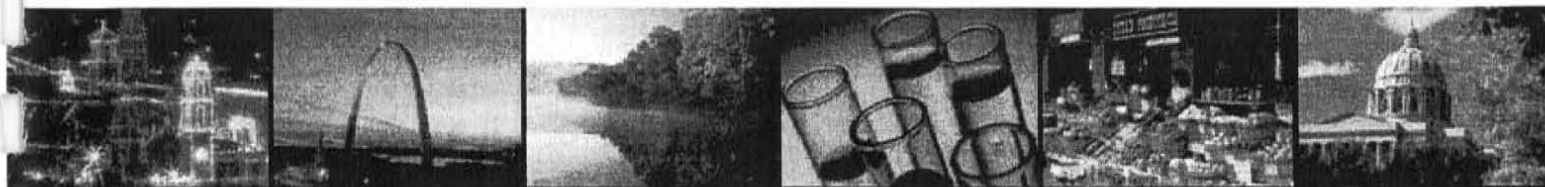
\$0.60 in new personal income totaling	\$3.02 million
\$2.51 in new value-added/GSP totaling	\$12.54 million
\$7.24 in new economic output totaling	\$36.20 million

PERFORMANCE MEASURE(S)

Investment (equipment purchased)



Comments on Performance Measure:



YOUTH OPPORTUNITIES TAX CREDIT PROGRAM

MISSOURI DEPARTMENT OF ECONOMIC DEVELOPMENT

PURPOSE

To broaden and strengthen opportunities for positive development and participation in community life for youth, and to discourage such persons from engaging in criminal and violent behavior.

AUTHORIZATION

Sections 135.460 and 620.1100 to 620.1103, RSMo

ELIGIBLE AREAS

Statewide

ELIGIBLE APPLICANTS

- Non-Profit Organizations
- Schools*
- Faith-based Organizations*
- Local Governments
- Missouri Businesses
- Public or Private Entities

**Schools and faith-based organizations must meet certain criteria.*

ELIGIBILITY CRITERIA

Tax credits are allocated to organizations administering positive youth development or crime prevention projects that have been approved through the application process. Approved organizations secure contributions from their community, and the contributor receives tax credits for those contributions. There are 50% tax credits for monetary contributions and wages paid to youth in an approved internship, apprenticeship or employment project, and 30% tax credits for property or equipment contributions used specifically for the project.

Eligible Projects include:

- Degree Completion
- Internship/Apprenticeship
- Youth Clubs/Associations
- Adopt-A-School
- Mentor/Role Model
- Substance Abuse Prevention
- Violence Prevention
- Youth Activity Centers
- Conflict Resolution
- Employment
- Counseling

PROGRAM BENEFITS/ELIGIBLE USES

This tax credit can be applied to:

- Ch. 143 – Income tax, excluding withholding tax
- Ch. 147 – Corporate franchise tax
- Ch. 148 –
 - Bank Tax
 - Insurance Premium Tax
 - Other Financial Institution Tax
- Ch. 153 – Express Companies Tax

This credit's special attribute:

- Carry forward 5 years

FUNDING LIMITS

- The Youth Opportunities Program has up to \$6 million in tax credits to award annually.
- Each project is limited to \$250,000 in tax credits.
- Each contributor is limited to \$200,000 in tax credits annually.

APPLICATION/APPROVAL PROCEDURE

There is no deadline for applying. Applications are reviewed as received until funding is depleted.

REPORTING REQUIREMENTS

Quarterly reports, final report and final audit for projects using \$25,000 or more in tax credits

CONTACT

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MISSOURI
DEPARTMENT OF ECONOMIC DEVELOPMENT

Revised November 2007

TAX CREDIT ANALYSIS

Program Name: Youth Opportunities Program	Department: Economic Development	Date: November, 2007
Program Category: Domestic and Social	Type: Tax Credit <input checked="" type="checkbox"/> Other (specify) _____	
Statutory Authority: 135.460 and 620.110-620.1103, RSMo	Applicable Taxes: Income tax, Corporate franchise tax, Bank tax, Insurance premium tax, Other financial institutions tax, Express companies tax	

Program Description and Eligibility Requirements:
 This is a contribution tax credit program which broadens and strengthens opportunities for positive development and participation in community life for youth and discourages criminal and violent behavior. Individuals, businesses and corporations having tax liability in Missouri are eligible to receive tax credits for qualified donations to approved YOP projects.

Explanation of How Award is Computed: Entitlement _____ Discretionary ☒
 Credits are awarded on an open cycle and are awarded at 50% of the approved project budget

Program Cap: Cumulative \$ _____ (remainder of cumulative cap) \$ _____ Annual \$ 6 million _____ None _____
Explanation of cap:

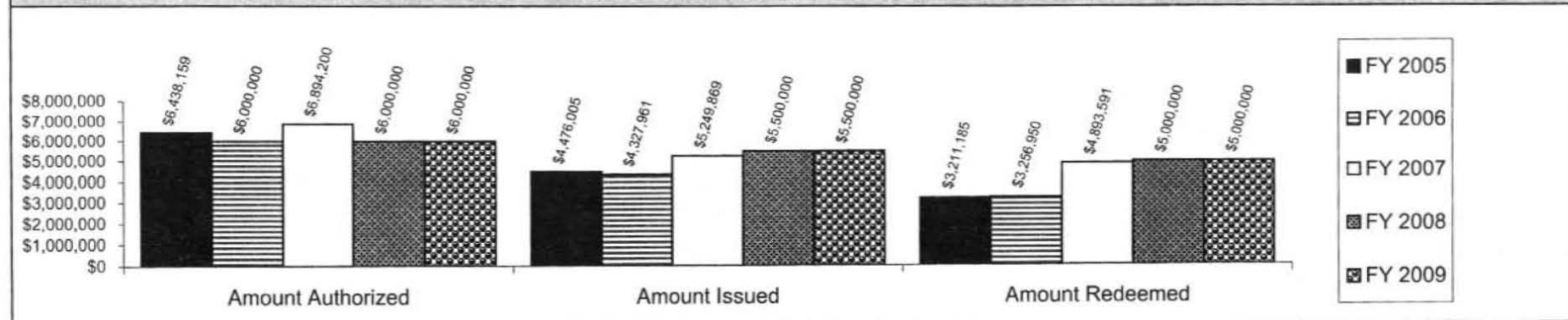
Explanation of Expiration of Authority:

Specific Provisions: (if applicable)
 Carry forward 5 years Carry Back _____ years Refundable _____ Sellable/Assignable _____ Additional Federal Deductions Available _____

Comments on Specific Provisions:

	FY 2005 ACTUAL	FY 2006 ACTUAL	FY 2007 ACTUAL	FY 2008 (current year)	FY 2009 (budget year)
Certificates Issued (#)	2,722	2,665	2,823	2,700	2,700
Projects (#)	44	48	49	50	50
Amount Authorized	\$6,438,159	\$6,000,000	\$6,894,200	\$6,000,000	\$6,000,000
Amount Issued	\$4,476,005	\$4,327,961	\$5,249,869	\$5,500,000	\$5,500,000
Amount Redeemed	\$3,211,185	\$3,256,950	\$4,893,591	\$5,000,000	\$5,000,000
EST. Amount Outstanding	N/A	N/A	\$3,835,630	N/A	N/A

HISTORICAL AND PROJECTED INFORMATION



TAX CREDIT ANALYSIS

Program Name: Youth Opportunities Program	Department: Economic Development	Date: November, 2007
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Comments on Historical and Projected Information:

BENEFIT: COST ANALYSIS (includes only state revenue impacts)

	FY 2007 ACTUAL	Other Fiscal Period (5 years)	
BENEFITS			Derivation of Benefits: Investment: \$5,247,082 in construction demand in 2007. Other Assumptions: (a) 553 new HS/GED graduates earning an additional \$3,318,000 in disposable personal income between 2007-2011; (b) 290 JobSkills graduates earning an additional \$870,000 in disposable personal income between 2007-2011. Incentives/Credits: \$6,894,200 in authorized YOP credits that are estimated for redemption between 2007-2011. Impacts occur in the Statewide Region. Assumptions provided by DED. Estimated using REMI-9-Regional Model (remi-9-jul07).
Direct Fiscal Benefits	\$34,577	\$82,937	
Indirect Fiscal Benefits	\$228,990	\$549,256	
Total	\$263,567	\$632,193	
COSTS			
Direct Fiscal Costs	\$1,378,840	\$6,533,931	
Indirect Fiscal Costs			
Total	\$1,378,840	\$6,533,931	
BENEFIT: COST	0.19	0.10	

Other Benefits:

In FY-2007, every dollar of authorized program tax credits returns

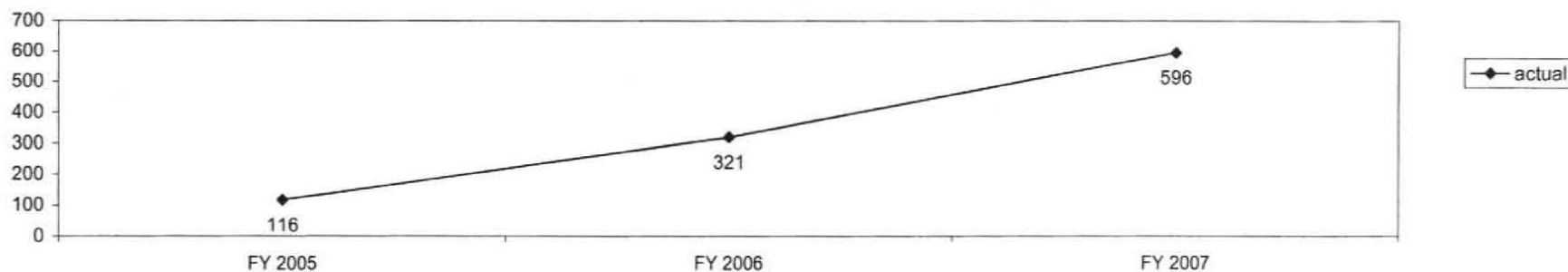
\$5.69 in new personal income totaling	\$7.84 million
\$4.31 in new value-added/GSP totaling	\$5.94 million
\$7.46 in new economic output totaling	\$10.29 million

Over 5 YEARS, every dollar of authorized program tax credits returns

\$6.04 in new person income totaling	\$30.19 million
\$3.34 in new value-added/GSP totaling	\$16.72 million
\$5.46 in new economic output totaling	\$27.32 million

PERFORMANCE MEASURE(S)

Permanent New/Retained Jobs



Comments on Performance Measure:

Numbers are dependent on the type of projects that are funded each year.

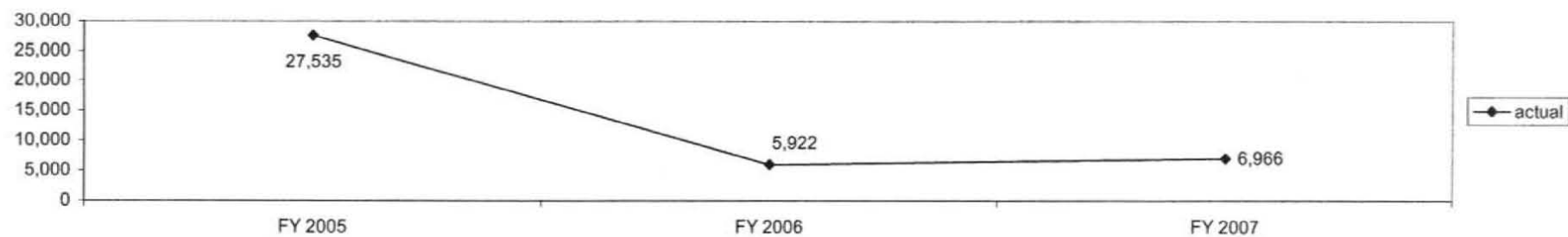
TAX CREDIT ANALYSIS

Program Name: Youth Opportunities Program

Department: Economic Development

Date: November, 2007

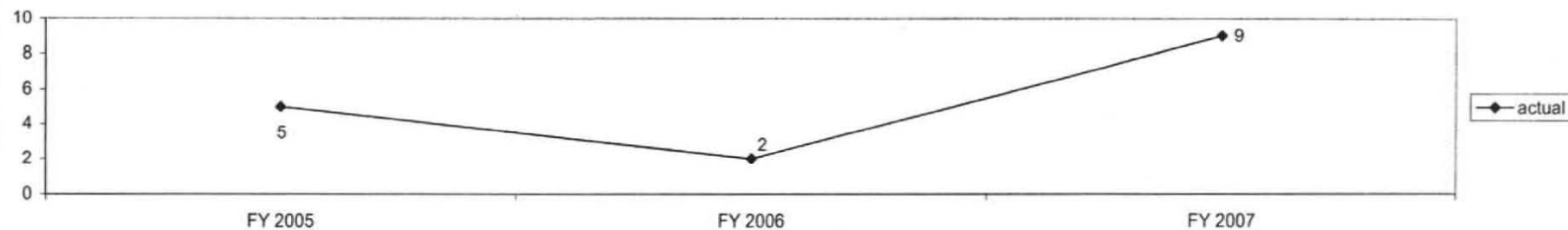
Number of Youth Learning Life Skills



Comments on Performance Measure:

Includes individuals earning GEDs, job training and other skills necessary to become productive citizens. Numbers are dependent on the type of projects that are funded each year.

Number of New/Renovated Facilities



Comments on Performance Measure:

Numbers are dependent on the type of projects that are funded each year.

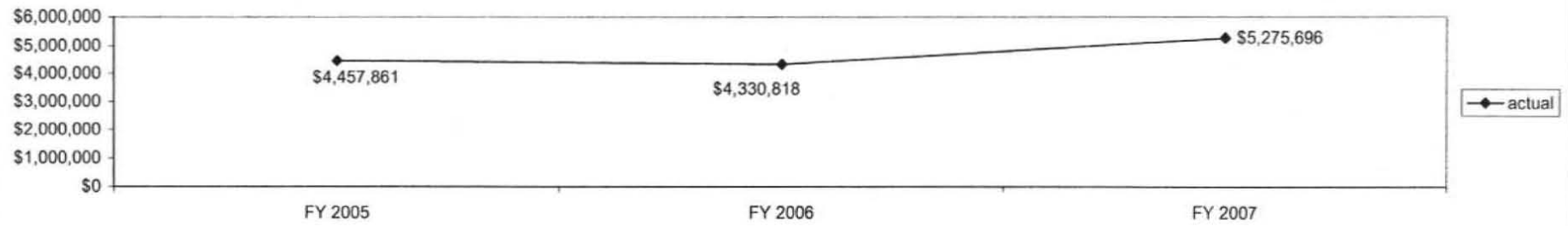
TAX CREDIT ANALYSIS

Program Name: Youth Opportunities Program

Department: Economic Development

Date: November, 2007

Amount Leveraged



Comments on Performance Measure:

YOP tax credits leveraged (Total Contributions - Total Credits Issued)

